

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**
**2022 PA 166
FY 2022-23
Initial**
Sec. 108 (1) APPROPRIATION SUMMARY

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| 1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments. | 10.0 |
| 2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours. | 1,968.5 |
| 3. <u>GROSS APPROPRIATION</u> - Total appropriations | \$3,246,563,700 |
| 4. <u>Interdepartmental grants (IDGs)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations. | 11,153,100 |
| 5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs. | 3,235,410,600 |
| 6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government. | 24,970,700 |
| 7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs. | 13,209,600 |
| 8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies. | 31,000 |
| 9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs. | 1,136,524,600 |
| 10. <u>State general fund/general purpose (GF/GP)</u> - Revenue that has no constitutional or statutory restrictions on how it is used. | 1,136,524,600 |
| 11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government. | 2,651,081,100 |

Sec. 108 (2) EXECUTIVE DIRECTION

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| 1. <u>Unclassified positions</u> | \$1,188,600 |
| Unclassified FTE positions | 10.0 |

The positions funded through this line are the State Treasurer, three Deputy State Treasurers, an additional Treasury position, Tax Commission Chair, two Tax Commission Members, Executive Director of the Michigan Gaming Control Board, and the Lottery Commissioner. Most positions are funded from the General Fund, except the salary of the Executive Director of the Gaming Control Board is supported by the State Services Fee Fund and the salary of the Lottery Commissioner is supported by the State Lottery Fund. This line funds only salaries.

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The cost of benefits for unclassified positions is appropriated in the line item for Executive Direction and Operations. In FY 2015-16 the budget transferred the salary for the Director of the Michigan State Housing Development Authority (MSHDA) to the Department of Talent and Economic Development. While the number of unclassified positions remains at 10.0, the level of funding available only allows for 9.0 unclassified positions.

2. Bureau of accounting and financial services 8,723,933

Classified FTE positions 69.0

First created in FY 2022-23 by combining the Office of Accounting Services and the Office of Financial Services.

Office of Accounting Services: (29.0 FTE positions and \$3,521,500)

Accounting Division maintains accounting records, processes payments, and prepares year-end financial reports for the Department.

In FY 2018-19, the revenue sharing/grant division (11.0 FTEs and \$2,073,400) was transferred from the Office of Revenue and Tax Analysis.

In FY 2019-20 the revenue sharing/grant division was transferred back to the Office of Revenue and Tax Analysis. Also, the fiscal and trust functions were transferred from the Michigan Financial Authority.

Office of Financial Services: (40.0 FTE positions and \$5,0015,500)

This office supports the Receipts Processing Division which provides statewide cash receipting policies and practices and serves as a clearinghouse for all State revenue.

3. Collections Services Bureau 30,046,400

Classified FTE positions 201.0

This line supports the Collections Division including the tax collection activities within the Department.

In a FY 2016-17 supplemental, the line item was increased \$1.3 million in IDGs due to increases in lien charges by county clerks from \$10 to \$30 as a result of PA 224 and 230 of 2016. The department can pass the cost a long to other departments that are seeking collections, which allows the Department to cover the increase through IDGs. The increase was maintained for FY 2017-18.

In an FTE true-up, 6.0 unfunded FTE positions were eliminated from the line item in FY 2017-18. The budget also included funding and FTEs to administer the Medical Marihuana Excise Fund and enforce PA 281 of 2016 with 2.0 FTEs and \$187,500 in revenue from the Medical Marihuana Excise Fund.

In FY 2019-20, 10.0 FTEs and \$1.8 million in Marihuana regulation funds was included due to Proposal 1.

In FY 2022-23, \$376,200 and 5.0 FTEs were transferred to Department Services.

4. Departmental services 9,760,100

Classified FTE positions 80.0

This line supports the Budget Office, mail operations, administrative services, forms and documents, purchasing, publications, and the Privacy & Security Office.

In an FTE true-up, 13.0 unfunded FTE positions were eliminated from the line in FY 2017-18.

In FY 2022-23, \$376,200 and 5.0 FTEs were transferred from Collections Services.

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| 5. Executive direction and operations | 9,201,600 |
| Classified FTE positions | 64.5 |
| <p>This line item funds the executive office of the Department of Treasury and the costs of fringe benefits for all of the unclassified positions.</p> <p>In FY 2015-16, the budget increased 8.0 FTEs and \$2.0 million Gross to create the Financial Review Commission.</p> <p>In FY 2015-16, the Office of Tax Plan Implementation and Testing Division was created using an existing 24.0 FTEs and \$3.55 million Gross from within the department as well as an additional 4.0 FTEs and \$750,000 Gross in new dollars to the department.</p> <p>In FY 2017-18, the Financial Review Commission was transferred to the Financial Independence Team line item, which was 6.0 FTE positions and \$1.5 million GF/GP.</p> | |
| 6. <u>Property management</u> | 7,174,500 |
| <p>The central office of the Department is in the Austin Building in downtown Lansing. Additional offices are located in the Hannah Building and regional field offices. This line supports the rent and building occupancy charges for all units of the Department except the Bureau of Investments, whose rent is included in the Investments line item.</p> | |
| 8. <u>Unclaimed property</u> | 5,081,600 |
| Classified FTE positions | 28.0 |
| <p>This line supports the Unclaimed Property Division which administers the Uniform Unclaimed Property Act of 1995. The FTEs increased by 5.0 in FY 2011-12 due to workload associated with the revised escheats law.</p> | |
| 9. <u>Workers' compensation insurance premium</u> | 183,800 |
| <p>This line supports workers' compensation costs incurred by the Department.</p> | |
| Unit Gross Appropriation | \$71,360,500 |
| Interdepartmental grants revenue | 7,339,300 |
| Federal revenues | 1,037,300 |
| State restricted funds | 50,197,600 |
| State general fund/general purpose | 12,786,300 |

Sec. 108 (3) LOCAL GOVERNMENT PROGRAMS

This unit supports the Bureau of Local Government Services.

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| 1. <u>Local finance</u> | \$2,521,100 |
| Classified FTE positions | 18.0 |
| <p>This line supports the Local Audit and Finance Division which oversees the finances of local units of government. A number of statutes set financial requirements and guidelines for local units of government. This Division monitors collection of State taxes by local government, audits units of local government for internal controls and compliance with State requirements, and monitors local debt issuance and deficit elimination plans.</p> <p>In an FTE true-up, 3.0 unfunded FTE positions were eliminated from the line in FY 2017-18.</p> | |

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| 2. <u>Michigan infrastructure council</u> | 3,849,800 |
| Classified FTE positions | 3.0 |
| <p>This line item supports the Michigan Infrastructure Council. This was first included as a line item in the Department of Treasury budget bill in FY 2020-21. Prior to this, the council was funded through work project appropriations from supplemental funding in FY 2017-18. In FY 2020-21, the council was funded at \$850,000, of which, \$250,000 was funded with Michigan Infrastructure Funds (as an IDG from DTMB) and \$600,000 GF/GP and included 3.0 FTE positions.</p> <p>In FY 2021-22, the line item was increased \$3.0 million Gross and GF/GP.</p> | |
| 3. <u>Property tax assessor training</u> | 1,049,800 |
| Classified FTE positions | 1.0 |
| <p>This line funds the training and certification of assessors. This responsibility is carried out by the Assessment and Certification Division. MCL 211.10e requires the State Tax Commission to develop manuals and for assessors to use an official assessor's manual. Section 907 in Part 2 of this bill establishes the Assessor Certification and Training Fund and limits examination and certification fees. This line is supported entirely by local revenue from assessor training fees. (The State Assessors Board was abolished by EO 2009-51 and all of its functions were transferred to the new State Tax Commission, created by the same Executive Order.)</p> <p>In an FTE true-up, 3.0 unfunded FTE positions were eliminated from the line in FY 2017-18.</p> | |
| 4. <u>Supervision of the General Property Tax Law</u> | 17,992,300 |
| Classified FTE positions | 84.0 |
| <p>Under the authority of the State Tax Commission, the Property Services Division administers the General Property Tax Act of 1893, MCL 211.1-211.157. The Property Services Division is responsible for the foreclosure and sale of delinquent properties, it establishes the property tax base (determines the taxable value and State Equalized Value or SEV), determines the tax on public utilities, administers special tax exemptions, and handles the deferment of special assessments.</p> <p>The line also funds the Assessment and Certification Division which provides staff support to the State Tax Commission and provides for uniform statewide property tax assessments through equalization of assessments. The State Tax Commission also serves as the State Board of Equalization and assumed all of the functions of the former State Assessors Board, which was abolished by EO 2009-51.</p> <p>The Office of Fiscal Responsibility, which assists local governments in financial distress is funded in this line beginning with a FY 2011-12 supplemental funding and 10.0 FTEs provided in 2012 P.A. 89. Funding and 2.0 FTEs were added in FY 2015-16 for Personal Property Tax and Essential Services Assessment Administration.</p> <p>In an FTE true-up, 14.0 unfunded FTE positions were eliminated from the line in FY 2017-18. In FY 2018-19, the Financial Independent Team line item (9.0 FTEs and \$4,259,700) was rolled into this line item. P.A. 207 of 2018 added an additional 4.0 FTEs and \$731,000 across an FY 2017-18 supplemental and FY 2018-19 initial appropriations for ongoing monitoring of OPEB costs for 1,400 local units of government and the oversight of tax increment financing zones to implement PA 202 of 2017 and PA 57 of 2018.</p> | |

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The Financial Independence Team was created in FY 2014-15 to fund Treasury's portion of a joint project with the Michigan Department of Education to create a financial independence team to provide support to financially troubled school districts. In an FTE true-up, 6.0 unfunded FTE positions were eliminated from the line in FY 2017-18. Also, the Financial Review Commission was transferred from the Executive Direction line item in 2017-18, which included 6.0 FTE positions and \$1.5 million GF/GP. In FY 2019-20 the line item was reduced \$3.0 million in the initial budget, however, \$499,900 was transferred from the Student Loan Refinancing Program Study by the State Administrative Board. The initial budget rolled out the Bureau Operations and General Local Government Services, Office of Fiscal Responsibility, and Financial Independence Team, however, the State Administrative Board transferred the funding back into this line item.

In FY 2020-21, funding was increase \$1,150,000 to partially restore the \$2.5 million reduction from FY 2019-20.

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| 5. | <u>Flint Settlement Debt Service</u> | 35,000,000 |
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First included in the Department of Treasury budget in FY 2021-22 for debt service payments to pay off the Flint Settlement Agreement bond totaling \$600.0 million, which was deposited into the Special Purpose FWC Settlement Entity. The annual \$35.0 million is deposited into the Flint Settlement Trust Fund for the purpose of making debt service payments. The first debt service payment began in FY 2021-22 in the Department of Labor and Economic Development budget and the annual \$35.0 million would continue until FY 2050-51.

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| Unit Gross Appropriation | \$60,413,000 |
| Interdepartmental grants revenues | 250,300 |
| Local revenues | 1,799,700 |
| State restricted revenues | 4,250,000 |
| State general fund/general purpose | 54,113,000 |

Sec. 108 (4) TAX PROGRAMS

This unit supports the Bureaus of Tax Compliance, Tax and Economic Policy, Tax Processing, Health Insurance Claims, Home Heating Assistance, Bottle Act Implementation, and Tobacco Tax Enforcement.

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| 1. | <u>Bottle act implementation</u> | \$250,000 |
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This line supports administration of the Bottle Deposit Fund with dollars from the Fund. Deposits to the Fund are made from unredeemed bottle deposits. The balance in the Fund is distributed annually to the Cleanup and Redevelopment Fund and bottle dealers. Section 910 in Part 2 of this bill authorizes the disbursements from the Bottle Deposit Fund.

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| 2. | <u>Home heating assistance</u> | 3,099,200 |
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The Department of Treasury administers the Federal Low Income Heat and Energy Assistance Program (LIHEAP) on behalf of the State and the funding for this line is part of a grant made by the U.S. Department of Health and Human Services-SSA. This line is for the Federally funded cost of administration. The funding for the actual grants to households is in the budget of the Department of Health and Human Services (DHHS). Section 908 in Part 2 of this act specifies that this line may only be used to cover the administrative costs of the program.

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| 3. | <u>Insurance Provider Assessment Program</u> | 2,211,600 |
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Classified FTE positions

13.0

This line item was added by P.A. 89 of 2012 and continued with full-year funding in FY 2012-13 for administration of the Health Insurance Claims Fund created by P.A. 142 of 2011.

In an FTE true-up, 2.0 unfunded FTE positions were eliminated from the line in FY 2017-18.

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| 4. <u>Office of revenue and tax analysis</u> | 4,050,500 |
| Classified FTE positions | 21.0 |
| <p>This line item was created in FY 2017-18 when the office was rolled out of the Office of Tax and Economic Policy. The office began with 19.0 FTEs and \$3,643,600. In FY 2018-19, 1.0 FTE and \$214,300 was included to implement MI Thrive and the revenue sharing/grant division was transferred to Accounting Services.</p> <p>In FY 2019-20, the revenue sharing/grant division was transferred back from Accounting Services.</p> | |
| 5. <u>Tax and economic policy</u> | 9,493,100 |
| Classified FTE positions | 44.0 |
| <p>This line supports the Bureau of Tax Policy, Hearings, and Policy Communication Divisions as well as the Legislative Liaison involving research and development of policy related to compliance, customer service, tax processing, assistance to field staff, the promulgation of rules, and the Office of Taxpayer Advocate. The budget for FY 2013-14 transferred in \$248,000 for the Office of Taxpayer Advocate and added \$3,000,000 for digital tobacco tax stamps. The budget for FY 2014-15 added \$1.6 million and 9.0 FTE positions for a new office created to test all tax systems. In FY 2015-16 the budget transferred 15.0 FTEs to Tax Processing. Funding and 7.0 FTEs were added for Personal Property Tax and Essential Services Assessment administration.</p> <p>In an FTE true-up, 13.0 unfunded FTE positions were eliminated from the line in FY 2017-18. Also, the Office of Revenue and Tax Analysis was rolled out of this line item, which removed an additional 19.0 FTE positions and \$3.6 million.</p> <p>In FY 2022-23, \$151,900 GF/GP and 1.0 FTE position was included to support ongoing administrative costs of the flow-through entity tax and \$150,000 Restricted revenue and 1.0 FTE position was included to support heavy equipment tax implementation.</p> | |
| 6. <u>Tax compliance</u> | 46,373,900 |
| Classified FTE positions | 319.0 |
| <p>This line supports the Audit Division and Discovery and Tax Enforcement Division involving tax audit functions, discovery and tax enforcement, and the Multi-State Tax Commission. In FY 2014-15, the budget added \$250,000 and 2.0 FTEs for a new system to improve data quality and availability at the State's data storage warehouse. The FY 2014-15 budget also increased funding by \$600,000 and 6.0 FTE positions to expand the Technical Issues Resolution Unit to address changes in tax statutes.</p> <p>In an FTE true-up, 20.0 unfunded FTE positions were eliminated from the line in FY 2017-18. The FY 2017-18 budget also included \$30,000 in Medical Marihuana Excise Fund revenue for tax enforcement of PA 281 of 2016.</p> <p>In FY 2022-23, \$135,000 GF/GP and 1.0 FTE position was included to support ongoing administrative costs of the flow-through entity tax.</p> | |
| 7. <u>Tax processing</u> | 44,494,100 |
| Classified FTE positions | 355.0 |
| <p>This line supports the Return Processing Division involving the processing of tax refunds, developing electronic methods of processing returns, postage costs, IRS match projects, and administration of the Homestead Affidavit Program.</p> | |

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In FY 2014-15 the budget transferred in 126.0 FTE positions and \$12.2 million in funding from the former customer contact line item. The funding and FTE positions provide taxpayer assistance, customer service improvement projects, call center operations, and website content. In FY 2015-16, the budget transferred 26.0 FTEs to create the City Income Tax Administration.

In FY 2017-18, the budget included \$187,500 in Medical Marihuana Excise Fund Revenue and 2.0 FTEs to enforce PA 281 of 2016.

In FY 2019-20, tax collection began on recreational marihuana from Proposal 1, which included additional funding and FTEs.

In FY 2022-23, \$1,090,000 GF/GP and 8.0 FTE position was included to support ongoing administrative costs of the flow-through entity tax and \$250,000 Restricted revenue and was included to support heavy equipment tax implementation.

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| 8. | <u>Tobacco tax enforcement</u> | 1,577,700 |
| | Classified FTE positions | 11.0 |

Note that \$3.0 million in FY 2013-14 for digital tobacco tax stamps is included in the line item for Tax and Economic Policy.

The budget included \$1.5 million in FY 2012-13 to provide GF/GP support for tobacco tax enforcement. The program is carried out in conjunction with the Michigan State Police and the Department of Attorney General which also received additional funds for this purpose. The budget for FY 2011-12 included \$3.0 million in State Restricted funds for this purpose, however, the Governor determined that related boilerplate in that year was unenforceable and the appropriation was not spent.

In an FTE true-up, 2.0 unfunded FTE positions were eliminated from the line in FY 2017-18.

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| Unit Gross Appropriation | \$111,550,100 |
| Interdepartmental grants revenues | 2,484,400 |
| Federal revenues | 3,099,200 |
| State restricted funds | 84,704,200 |
| State general fund/general purpose | 21,262,300 |

Sec. 108 (5) FINANCIAL PROGRAMS

This unit supports the Bond Finance, Investments, and Student Financial Services Bureaus.

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| 1. | <u>Dual enrollment payments</u> | \$3,000,000 |
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This line was added in FY 2012-13 to provide \$1.0 million GF/GP to implement Public Acts 131-134 of 2012, which requires Treasury to pay the tuition costs of eligible nonpublic school students, including home-schooled students, enrolled at postsecondary institutions.

In FY 2015-16, the budget increased this line item an additional \$500,000 due to caseload adjustments from the May 2015 CREC.

In FY 2017-18, the budget increased this line item an additional \$500,000 due to caseload adjustments from the May 2017 CREC.

In FY 2019-20, the line item was increased \$325,000 in a supplemental due to caseload adjustments from the May 2019 CREC.

In FY 2021-22, the line item was increased to \$3.0 million Gross and GF/GP due to caseload adjustments from the May 2021 CREC.

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| 2. <u>Investments</u> | \$22,254,300 |
| Classified FTE positions | 81.0 |
| <p>The Bureau of Investments is funded by this line. The Bureau oversees the investment of pension funds, common cash, and State restricted funds on behalf of the State. The Bureau is supported by fees from pension trust funds and State restricted funds. Rent expenses for the Bureau are included in this line.</p> <p>The issuance of State debt is a major function of the State Finance Division. General obligation bonds are issued on behalf of the State and this Division carries out the bonding process, with the assistance of bond counsels, financial consultants, and banking firms. Required debt service payments are determined and paid by this Division. The School Bond Loan (SBL) Program and the Michigan Underground Storage Tank Financial Assurance (MUSTFA) Act also are administered by the State Finance Division.</p> <p>In an FTE true-up, 1.0 unfunded FTE position was eliminated from the line in FY 2017-18.</p> | |
| 3. <u>State and authority finance</u> | \$4,581,200 |
| Classified FTE positions | 19.0 |
| <p>This line supports the State Finance Division. This Division manages the State cash flow and common cash fund. It also oversees the receipt of outside funding, such as Federal and local funds.</p> <p>In an FTE true-up, 10.5 unfunded FTE positions were eliminated from the line in FY 2017-18.</p> <p>In FY 2019-20, the fiscal and trust functions were transferred to Accounting Services (11.0 FTEs and \$1,566,500).</p> <p>In FY 2020-21, 8.0 FTEs and 2,803,300 Gross and Restricted funds was transferred from the Michigan Finance Authority, when the authority was split between the State and Authority Finance and Student Financial Assistance Programs line items. The Michigan Finance Authority was created by Executive Order 2010-2 to combine many of the bonding and borrowing functions of State government and State authorities within one body under a single board. The budget for FY 2010-11 included the MFA as a line item for the first time and appropriated restricted funds and positions previously off-budget as boilerplate appropriations. See also boilerplate Sec. 934. To continue implementation of Executive Order 2010-2, the budget for FY 2011-12 transferred \$36.9 million and 66.5 FTEs from the line item for Student Financial Assistance to this line to fund the Michigan Guarantee Agency which administers Federal student loan guarantee programs.</p> | |
| 4. <u>Student financial assistance programs</u> | \$26,023,900 |
| Classified FTE positions | 72.0 |
| <p>A number of financial assistance programs for students are administered by the Bureau of Student Financial Services, many of which distribute Federal funding in addition to State funding. The programs within this Bureau include the Michigan Education Trust (MET), the Tuition Incentive Program, the Postsecondary Access Student Scholarship Program (for community colleges), the Higher Education Student Loan Authority, and the Higher Education Assistance Authority.</p> <p>Executive Order 2002-12, issued on July 25, 2002, consolidated the administration and support services of the Higher Education Student Loan Authority and the Higher Education Assistance Authority with that of three other Authorities into the Tax Authority Assistance Division. Prior to this move, the Student Loan and Assistance Authorities and fiscal support had been managed by the Bureau of Student Financial Services. Executive Order 2010-2 consolidated the governance and administration</p> | |

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of the bonding aspects of these programs within the new Michigan Finance Authority. The budget for FY 2011-12 moved funding for the Michigan Guaranty Agency from this line to the line item for the Michigan Finance Authority, consistent with Executive Order 2010-2.

In an FTE true-up, 4.5 unfunded FTE positions were eliminated from the line in FY 2017-18.

In FY 2020-21, 45.0 FTEs and \$22,375,400 Gross and Federal funds was transferred from the Michigan Finance Authority.

In FY 2022-23, an additional \$2,936,100 GF/GP and 5.0 FTE positions were included for the Office of Postsecondary Financial Planning.

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| Unit Gross Appropriation | \$55,859,400 |
| Interdepartmental grant revenues | 213,600 |
| Federal revenues | 20,215,100 |
| State restricted funds | 27,448,200 |
| State general fund/general purpose | 7,982,500 |

Sec. 108 (6) DEBT SERVICE

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| 1. <u>Clean Michigan initiative</u> | \$23,760,000 |
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This line supports the debt service payments for a general obligation bond approved by voters in 1994. The proceeds for Clean Michigan Initiative (CMI) bonds are used for environmental cleanup, pollution prevention, and redevelopment projects, including nonpoint source pollution control and waterfront redevelopment. Voters authorized the issuance of \$675.0 million in bonds. As of September 30, 2021, there is no authorization remaining and the outstanding principal on the Clean Michigan Initiative bonds was \$154.2 million.

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| 2. <u>Great Lakes water quality bond</u> | 72,861,100 |
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This line supports the debt service payments for a general obligation bond approved by voters in 2002. The proceeds are used for sewage treatment projects, storm water projects, and reducing nonpoint source water pollution. Voters authorized the issuance of \$1.0 billion in bonds of which \$200.0 million remains available as of September 30, 2019. The outstanding principal on the Great Lakes Water Quality bonds was \$573.9 million as of September 30, 2021.

Spending authority for these bonds are under the Strategic Water Quality Initiative Fund (SWQIF) within DEQ. The bonds are issued under Proposal 2 of 2002 and can be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that makes the grants and loans more attractive to municipalities.

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| 3. <u>Quality of life bond</u> | 3,463,000 |
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This line supports the debt service payments for two general obligation bonds approved by voters in 1988, one for Environmental Protection purposes and one for Recreation purposes.

Environmental Protection bond: Voters authorized the issuance of \$660.0 million in general obligation bonds to support environmental protection activities. There is no authorization remaining as of September 30, 2019. The enabling legislation for this bond issue is PA 326 of 1988. As of September 30, 2021, the outstanding principal on the Environmental Protection bonds was \$14.0 million.

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Recreation bond: Voters authorized the issuance of \$140.0 million in general obligation bonds to support the development of recreation activities and facilities. Bonds have been issued for this entire amount leaving zero in remaining authorization. The enabling legislation for this bond issue is PA 329 of 1988. As of September 30, 2017, the outstanding principal on the Recreation bonds was eliminated.

The FY 2014-15 budget eliminated the use of the Refined Petroleum Fund to pay debt service on the Quality of Life Bond by increasing the GF/GP revenue by \$3.0 million. This is the final fund shift in a three-year phase out of the use of the Refined Petroleum Fund and all future funding for this line item is anticipated to come from the General Fund.

Unit Gross Appropriation

State general fund/general purpose

**\$100,084,100
100,084,100**

Sec. 108 (7) GRANTS

1. Convention facility development distribution

\$118,590,700

The Convention Facility Development Fund was established by the State Convention Facility Act, Public Act 106 of 1985, to assist local governments in the financing of major convention facilities. Revenue for the Fund is generated by a statewide 4% Liquor Excise tax and an Accommodations tax in Wayne, Oakland, and Macomb counties. The revenue is used to pay the debt service on Cobo Hall in Detroit, make payments to the Detroit Regional Convention Facility Authority, and for payments to Michigan's 83 counties. For FY 2005-06, \$1.0 million was earmarked for the Sports Tourism Fund to offset costs for the Super Bowl (HB 5480). In FY 2009-10, \$9.0 million was appropriated from the 21st Century Jobs Trust Fund related to the transfer of Cobo Hall to a regional authority, which began annual support for operations. In FY 2015-16, statute was modified to distribute all remaining dollars in the fund be distributed to provide additional debt service payments for the authority. In FY 2021-22 the center would receive \$8.0 million for administration, which would decrease \$1.0 each year until a final \$5.0 million distribution in FY 2024-25.

In FY 2018-19, funding was increased \$14.4 million to align with current spending and projections.

Beginning in FY 2019-20, \$5.0 million was annually appropriated to the Street Railway System (Q-Line) which is scheduled to end in FY 2021-22.

In FY 2019-20, \$10.0 million was deposited into the General Fund.

In FY 2020-21, \$4.4 million was distributed to publicly-owned convention center in the State with at least 10,000 square feet.

In FY 2020-21, funding was increased \$2.5 million to align with current spending and projections.

In FY 2022-23, funding was increased \$10.7 million to align with current spending and projections.

2. Emergency 911 payments

48,800,000

The revenue supporting this line is generated by a fee included on all phone bills. The revenue is used to establish and maintain 911 emergency response capabilities. Proceeds from the fee are distributed to counties, the State Police, and suppliers. Public Acts 78 and 79 of 1999 established the program through

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amendments to the Emergency Telephone Service Enabling Act, PA 32 of 1986, MCL 484.1101 to 484.1717.

The line was increased \$21.8 million in FY 2018-19 to reflect implementation of PA 51 of 2018, which increased the 9-1-1 fees and distribution.

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3. Health and safety fund grants

1,500,000

The fund was established in P.A. 264 of 1987 in the Health and Safety Fund Act in conjunction with an increase to the cigarette tax. Four cents from the cigarette tax is deposited in the fund which is distributed pursuant to statute. This line is for the distribution to counties that have never received a loan authorized under Section 3 (2) or (3) of the Emergency Municipal Loan Act. The distribution is made on a per capita basis. Counties are required to use 12/17^{ths} of the distribution for public health prevention programs and services and 5/17^{ths} for county jail or juvenile facility operations, maintenance, equipment, or construction, or for court operations.

In FY 2017-18, the line item was reduced \$7.5 million to reflect current revenue and expenditures.

4. Recreational Marihuana Grants

50,580,000

This line item was first included in FY 2017-18 to distribute the grant portion to municipalities, counties, and county sheriffs in accordance to PA 281 of 2016. Of the total revenue generated by the Excise Tax, 30% is designated as grants to counties in which a medical marihuana facility is located, 25% is designated as grants to municipalities in which a medical marihuana facility is located, and 5% is designated as grants to county sheriff in counties in which a medical marihuana facility is located.

The line item was changed to, recreational marihuana excise fund grants, after the enactment of Proposal 1. Of the total revenue generated from the Excise Tax on recreational Marihuana, 15% is distributed proportional to the number of retail stores and microbusinesses in counties and 15% is distributed proportional to the number of retail stores and microbusinesses in municipalities.

5. Senior citizens cooperative housing tax exemption program

11,271,400

The Senior Citizens' Cooperative Housing Tax Exemption Program was established under MCL 211.7d. With general fund dollars, the State pays the property taxes on behalf of a qualified housing facility to the local unit of government. The four qualifications for a facility are:

- a. the housing is owned and operated by a non-profit organization, association, limited dividend housing corporation, or by this state or political subdivision of this state;
- b. the housing is for the elderly, the disabled, or mentally ill;
- c. the housing has 8 or more residential units; and
- d. the housing was qualified, built, or financed under Section 202 (capital advances for senior housing) or 236 (multi-family projects) of the National Housing Act of 1959, as amended, or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzales National Affordable House Act (supportive housing for persons with disabilities, P.L. 101-625).

In FY 2017-18 the line item was increased \$200,000 to reflect PA 78 of 2016, which increased the number of facilities in the program, by allowing property that would have qualified for exemption as of December 2011 if an application would have been timely filed in 2011.

In FY 2021-22 the line item was increased \$500,000 to reflect two new qualified facilities in the City of Detroit and Farmington.

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|---------------------------------------------------|------------|
| 6. <u>Wrongful imprisonment compensation fund</u> | 10,000,000 |
|---------------------------------------------------|------------|

This line item represents deposits into the Wrongful Imprisonment Compensation Fund to make payments to individuals under the Wrongful Imprisonment Compensation Act. FY 2019-20 included \$10.0 million, of which, \$5.0 million was from Lawsuit Settlement Proceeds and \$5.0 million GF/GP. In total, \$26.5 million has been deposited into the fund since its creation in FY 2017-18.

In FY 2020-21, another \$3.0 million Gross and GF/GP deposit was made into the fund, bringing total deposits to \$31.5 million. An additional supplemental appropriation of \$7.0 million was made in FY 2020-21.

In FY 2020-21, another \$10.0 million Gross and GF/GP deposit was made into the fund, bringing total deposits to \$48.5 million.

Unit Gross Appropriation

\$240,892,500

State restricted funds

219,470,700

State general fund/general purpose

21,421,800

Sec. 108 (8) BUREAU OF STATE LOTTERY

| | |
|--------------------------------------------------------|-------------|
| 1. <u>Information technology services and projects</u> | \$3,970,900 |
|--------------------------------------------------------|-------------|

Supports information technology services provided by the Department of Technology, Management, and Budget.

In FY 2022-23, \$1,405,500 was transferred to Lottery operations.

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|------------------------------|--------------|
| 2. <u>Lottery operations</u> | \$30,327,000 |
|------------------------------|--------------|

Classified FTE positions

211.0

Article IV, Section 41 of the Michigan Constitution of 1963 authorized lotteries and the Michigan Bureau of State Lottery was established in the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, Public Act 239 of 1972 (MCL 432.1 - 432.47). The lottery is an autonomous agency within the Department of Treasury. The Lottery Commissioner is appointed by the Governor with the advice and consent of the Senate.

The Bureau is charged with producing "the maximum amount of net revenues for the state consonant with the general welfare of the people" (MCL 432.9). It operates games on a statewide basis and participates in joint enterprises with other states. MCL 432.12 requires that not less than 45% of the revenue be awarded in prizes. In FY 2009-10, approximately 58% of lottery sales revenue was awarded in prizes. All revenues are deposited in the State Lottery Fund, which is the sole fund source for the Bureau. After the payment of prizes, operations of the Bureau, and \$1,000,000 to the Compulsive Gambling Prevention Fund, the net revenue in the State Lottery Fund is credited to the State School Aid fund for the benefit of K-12 schools.

The Charitable Gaming Division is housed within the Bureau of State Lottery. It was established by Public Act 382 of 1972 (MCL 432.101-432.120). This Division regulates bingo games, raffles, and progressive jackpots which are conducted for charitable purpose. It issues licenses for eligible nonprofit organizations to conduct these games and the fees are established in statute. After deducting the costs of prizes and operations, remaining funds are deposited in the General Fund. The charitable gaming deposit to the General Fund was approximately \$11.3 million in FY 2009-10. Authority for oversight of millionaire parties was transferred by EO 2012-4 to the Michigan Gaming Control Board as boilerplate appropriations.

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In FY 2017-18, the line item was increased 8.0 FTEs and \$716,300 due to increased demand from iLottery games.

In FY 2020-21, the line item was increased 4.0 FTEs and \$508,700 due to increased demand from iLottery games.

In FY 2022-23, 11.0 FTE positions was transferred from DTMB and \$1,405,500 from Lottery Information Technology Services and Projects to support iLottery games.

Unit Gross Appropriation

\$34,297,900

State restricted funds

34,297,900

State general fund/general purpose

0

Sec. 108 (9) CASINO GAMING

1. Casino gaming control administration

\$32,742,600

Classified FTE positions

169.0

All operational expenses for Casino Gaming are funded through this line. The agency regulates the operation of the three Detroit casinos, including licensing for vendors, security oversight, testing of slot machines, and inspections of the premises. In addition, EO 2012-4 transferred oversight of millionaire parties, a charitable gaming activity, from the Bureau of State Lottery to the Michigan Gaming Control Board. It works in conjunction with the Departments of Attorney General and State Police.

The agency is supported with annual assessments from the three casinos that are deposited in the State Services Fee Fund. Statute requires that money in the Fund is spent on regulatory and enforcement costs, compulsive gambling programs, casino-related programs and activities, casino-related legal services provided by the attorney general, and the casino-related expenses of the department of state police. Funds must be appropriated by the Legislature and do not revert to the General Fund at the end of the year. Additional fees are also levied on millionaire parties and are deposited into the State Lottery fund as a separate account, however, the agency cannot expend more from the fund for oversight than is deposited into the fund from those additional fees.

Duties of the agency related to Indian casinos are limited to overseeing the State-Indian compact provisions. The staff inspects facilities, test gambling machines, and conduct financial audits of the Indian casinos. The agency has two staff persons assigned to this area. The Board members are not involved in this function. In FY 2016-17, administration was increased by 1.0 FTE position to ensure that every Indian Tribal casino has an annual audit. In FY 2017-18, the administration was increased by 1.0 FTE position to increase security and internal control.

In FY 2019-20, FTEs overseeing Millionaire Party Regulation were transferred to the Millionaire Party Regulation Line Item.

In FY 2020-21, 38.0 FTEs and \$4.6 million was included for administration of online sports and internet gaming activity, which was introduced from PA 157, 158, and 159 of 2019.

In FY 2021-22, the \$2.0 million deposit into the Compulsive Gaming Prevention Fund was moved to boilerplate appropriations.

In FY 2022-23, an additional \$2,375,000 and 18.0 FTE positions were included to support internet gaming regulation and enforcement.

2. Casino gaming information technology services and projects

\$5,327,000

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Supports information technology services provided by the Department of Technology, Management, and Budget.

In FY 2020-21, \$850,000 was included for online sports and internet gaming.

In FY 2022-23, \$1,801,400 was included to support internet gaming regulation and upgrade network connection speeds.

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| 3. <u>Horse Racing</u> | \$2,129,700 |
| Classified FTE positions | 10.0 |
| <p>Executive Orders 2009-45 and 2009-54 transferred horse racing regulation from Department of Agriculture to the Gaming Control Board within the Department of Treasury. The position of Racing Manager is an unclassified position appropriated in the Executive Direction unit. This commission is funded by the Equine Development Fund. In FY 2016-17, the budget transferred horse testing from the Department of Agriculture and Rural development and will contract the testing services with a private provider in the future.</p> | |
| 4. <u>Michigan gaming control board</u> | \$50,000 |
| <p>The Michigan Gaming Control Board was established in the Gaming Control and Revenue Act, (MCL 432.201-432.226), also known as Initiated Law 1 of 1996. The law was the result of a vote of the electorate to establish casino gaming in Michigan. It was modified subsequently by Public Act 69 of 1997. Casino gaming is limited to three casinos in the City of Detroit. The Michigan Gaming Control Board supervises and regulates these casinos. Gaming on Indian Reservations does not fall under the direct oversight of the Board.</p> <p>The Michigan Gaming Control Board has five members who are appointed by the Government to alternating 4-year terms. This line item supports travel, hotel, meeting room, and per diem expenses for the five Board members.</p> | |
| 5. <u>Millionaire Party Regulation</u> | \$3,168,000 |
| Classified FTE positions | 20.0 |
| <p>The line item was created in FY 2019-20 by transferring 20.0 FTEs from Casino Gaming Control Administration and \$3.0 million from boilerplate appropriations. Though this increased line item appropriations, it did not increase appropriations to Millionaire Party Regulation.</p> <p>In FY 2022-23, Lawful Internet Gaming Revenue was used to support Millionaire Party Regulation.</p> | |
| Unit Gross Appropriation | \$43,417,300 |
| State restricted funds | 43,417,300 |
| State general fund/general purpose | 0 |

Sec. 108 (10) Payments in Lieu of Taxes

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. <u>Commercial forest reserves</u> | \$3,368,100 |
| <p>Part 511 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.51101-324.51120), provides a tax incentive to private landowners who retain and manage forest land for long-term timber production, and who apply for and are granted certification as a commercial forest. Commercial forests are exempt from ad valorem property taxes. The owner and the State instead each pay \$1.25 per acre. This rate increased from \$1.20 to \$1.25 in 2012 for FY 2012-13 payments. Pursuant to statute the rate will increase by five cents every five years thereafter. The State payments were first prorated in FY 2009-10. Proration is prohibited beginning in FY 2012-13 due to changes in 2012 PA 604.</p> | |

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2. Purchased lands

\$9,971,100

Article I, Part 21, Subpart 14 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.2152-324.2154) requires the Department to make ad valorem tax payments, characterized as payments in lieu of taxes, on Department-owned lands purchased on or after January 1, 1933. Public Acts 603 and 604 of 2012 revised several key elements of the program:

- Proration of payments was prohibited beginning in FY 2012-13, however, appropriation of funds is required.
- Beginning in FY 2013-14, the taxable value used for the properties in the program will be the greater of the taxable value computed according to the General Property Tax Act (the value as of the prior December 31) or the lagged taxable value under the purchased land statute.
- Beginning in FY 2013-14, the millage rate used to calculate payments will be the current rate including special assessments.
- Beginning in FY 2013-14, there is the potential for penalties (reductions in payments) to locals for late filing and State-paid penalties for incomplete State payments.

These changes reversed several provisions enacted in 2004 to address the rising cost of the program at that time. Historically, annual increases in the taxable value of property accounted for approximately 65% of the annual increase required to fully fund this obligation and prior to 2004 supplemental appropriations were often required to provide sufficient funding. To address some of these issues, statutory changes enacted in 2004 froze for 5 years the valuation of the lands at their 2004 taxable value, for future land purchases, the value at the time of purchase. The taxable values began adjusting again in 2009 with changes limited to the lesser of the prior year increase in general price level or 5%. The enacted changes also capped the mills that were permitted to be assessed on the DNR-owned property at the amount paid in 2004.

After 2011, payments on land purchased with the Natural Resources Trust Fund are paid entirely from that fund for both school and non-school assessments. Payments on land purchased from other fund sources will be made as before, with school charges from the School Aid Fund, and remaining payments split between relevant restricted funds and GF/GP revenue.

Public Act 31 of 2010 amended the statute to provide for proration of payments in FY 2009-10 only. It also simplified administration of the program by requiring property tax statements to be bundled by county prior to submission. Public Act 118 of 2011 changed the fund sources beginning in 2012 and permitted proration of payments from all fund sources except the Natural Resources Trust Fund. Public Act 603 of 2012 applied penalties to the State for partial payments, essentially reinstating the prohibition on proration.

In FY 2017-18 the line item was increased 3% or \$252,800 (96,600 GF/GP) beyond the statutory requirement to allow the DNR to purchase additional land.

In FY 2020-21 the line item was increased 7.4% or \$640,600 due to new land purchased by the DNR.

In FY 2021-22 the line item was increased 6.5% or \$651,600 (\$243,900 GF/GP) to accounted for increased property values on purchased lands.

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3. Swamp and tax reverted lands

\$16,836,200

Article I, Part 21, Subpart 13 of the Natural Resources and Environmental Protection Act, Act 451 of 1994, (MCL 324.2150-324.2151) requires the Department to make payments in lieu of taxes to counties and townships in which there are tax reverted, recreation, and forest lands under the control of the Department, which were purchased prior to January 1, 1933, tax reverted before 1999, or are from a gift or bequest. The payments are set in MCL 324.2150 at a specific rate per acre, with 50% payable to counties, and 50% payable to townships. Public Act 603 of 2012 revised the rate per acre from the current \$2.00 per acre to \$3.00 per acre in FY 2014-15 and \$4.00 per acre in FY 2015-16. Subsequent years would increase by an inflationary adjustment of up to 5%. Statute requires that the payments be made from the General Fund. Much of the swamp and tax reverted land is State forest land. This program covers about 3.5 million acres of land owned by the Department of Natural Resources.

The program was first appropriated in the Treasury budget in FY 2008-09. In prior years, funding was appropriated in the budget for the former Department of Natural Resources. The line item was prorated from FY 2009-10 to FY 2011-12. Supplemental in FY 2012-13 is estimated to eliminate proration in that year. PA 603 prohibited proration of these payments, however, funds must be appropriated annually.

In FY 2017-18 the line item was reduced \$300,000 due to significant lapses in previous fiscal years.

In FY 2021-22 the line was increased 10.0% or \$1,530,600 due to increased per acre costs on swamp and tax reverted lands, which had increased 15% since 2016.

Unit Gross Appropriation

\$30,175,400

Private funds

31,000

State restricted funds

6,212,800

State general fund/general purpose

23,931,600

Sec. 108 (11) REVENUE SHARING

1. City, village, and township revenue sharing [Ongoing funding]

\$279,557,400

This line item distributes nonconstitutional (often called "statutory") revenue sharing to cities, villages, and townships (CVTs). The budget for FY 2020-21 continues the program that was in effect in FY 2019-20. A CVT must comply with accountability and transparency criteria under Sec. 952 to receive the maximum payment possible. All units that received a payment in FY 2019-20 received a payment in the amount of 100.0% of their initial appropriation for FY 2019-20.

The former Economic Vitality Incentive Program (EVIP) was simplified and renamed to City, Village, and Township Revenue Sharing in FY 2014-15. In that year, the budget expanded eligibility to any city, village, or township (CVT) with a revenue sharing population of more than 7,500 and added a per capita payment to the calculation. This increased the number of local governments eligible for payments from 486 in FY 2013-14 to 587 in FY 2014-15. The number of eligible local units remained the same in FY 2015-16 through FY 2017-18. The minimum threshold to receive a payment was lowered in FY 2018-19, increasing the number of eligible local units to 636.

In FY 2014-15 two alternative payment calculations for statutory revenue sharing were available for CVTs. An eligible CVT could receive the higher of the two calculations, assuming compliance with accountability and transparency requirements. For a CVT that received at least \$4,500 in statutory revenue sharing

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in FY 2009-10, the payment in FY 2014-15 was equal to 78.51044% of in FY 2009-10 payments. Alternatively, a local unit with a population of more than 7,500 was eligible to receive a payment of \$2.64659 per capita. A local unit that met both prior payment and population criteria was eligible to receive the higher of those amounts. Qualifying for full payment required compliance with accountability and transparency requirements described in Sec. 952, which were simplified with the elimination of EVIP in FY 2014-15. The budgets for FY 2015-16 through FY 2017-18 made a CVT eligible for the same amount for which it had been eligible in FY 2014-15, effectively continuing the FY 2014-15 calculation. In FY 2018-19, a CVT that received at least \$1,000 in statutory revenue sharing in FY 2009-10 (down from \$4,500) was eligible for payment, but the amount of payments remained the same. In FY 2019-20, all local units that received a payment in FY 2018-19 received 102.3% of their total payment from that year. In FY 2020-21, all local units that received a payment in FY 2019-20 received 100.0% of their initial appropriation from that year.

For FY 2011-12 through FY 2013-14, nonconstitutional revenue sharing for eligible CVTs was distributed through the EVIP program. Under EVIP, a CVT that received at least \$4,500 in statutory revenue sharing in FY 2009-10, was eligible to receive a percentage of the prior year payment. An eligible CVT qualified for payment by completing requirements in the categories of accountability and transparency, consolidation of services, and unfunded liabilities. The unfunded liabilities category replaced the employment compensation category for FY 2013-14.

Sec. 952 specifies that at year-end, CVT revenue sharing appropriations are adjusted by legislative transfer to move unpaid funds (due to CVTs that do not qualify for their full funding amounts because they do not meet all program requirements) to a grant program. If there are unexpended funds and a transfer is made for FY 2021-22, boilerplate provides for any transfer to go to the appropriation for Financially Distressed Cities, Villages, or Townships.

2. Constitutional state general revenue sharing grants

\$1,036,594,900

Article IX, Section 10 of the Michigan Constitution designates 15% of collections of a 4% sales tax to townships, cities, and villages (not counties). This percentage translates into 10% of the current 6% sales tax. Payment is made in an equal amount per capita based on population as of the decennial federal census. The Constitution states that the Legislature may exclude "persons who are wards, patients, or convicts in any tax supported institution." The Glenn Steil State Revenue Sharing Act, PA 140 of 1971, MCL 141.903, specifies that 50% of the population of such institutions shall be counted for the purpose of determining the grant for a local unit of government.

The initial appropriation for constitutional revenue sharing for FY 2020-21 is based on the sales tax estimate from the August 2020 Consensus Revenue Estimating Conference. The annual payment is estimated at \$86.46 per capita. Actual payments are based on actual sales tax collections. Payments are made six times per year on the last business day of October, December, February, April, June, and August. Each payment is calculated based on the sales tax collected from the two-month period that ends on the prior August 31, October 31, December 31, February 28, April 30, and June 30.

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3. County Incentive Program

\$43,418,800

Revenue sharing payments to eligible counties are calculated according to a statutory formula and boilerplate sections 952 and 955. Payments are distributed through two line items: County Incentive Program (CIP) and County Revenue Sharing (CRS). When CIP and CRS are considered together, each eligible county that meets all accountability and transparency criteria will receive 104.5619% of the payment provided in statute. An eligible county is one that has completed withdrawals from its revenue sharing reserve account, created in 2004 by a one-time acceleration of county property tax collections. In order to receive the maximum total revenue sharing payment, an eligible county must comply with the accountability and transparency requirements of the CIP.

For FY 2012-13 to FY 2015-16, CIP distributed 20% of the total funds available for revenue sharing payments to counties and the CRS line distributed 80% of the county appropriations. Beginning in FY 2016-17, CIP began distributing 20% of the payment provided in statute, effectively reducing the percentage of total county appropriations directed to CIP. The increased payments above the statutory formula will be distributed through the CRS line and will not depend on a county meeting accountability and transparency requirements.

The County Incentive Program pays a portion of the State-paid revenue sharing to eligible counties based on incentive requirements. FY 2012-13 was the first year of this program. In FY 2014-15, program requirements were reduced to compliance with accountability and transparency requirements only. These requirements are detailed in Sec. 952. Since FY 2014-15, revenue sharing payments to counties have been funded from ongoing revenue.

4. County revenue sharing

\$199,999,300

Distributes funds to eligible counties pursuant to the Glenn Steil State Revenue Sharing Act, Public Act 140 of 1971, MCL 141.901 to 141.921 and Sec. 955. Revenue sharing payments to counties are distributed through the County Revenue Sharing (CRS) line and the County Incentive Program (CIP). Beginning in FY 2012-13, appropriations from both the CIP and CRS line items must be considered in determining the amount of revenue sharing payments for which a county is eligible.

In 2004, property tax collections by counties were accelerated and the proceeds placed in a revenue sharing reserve account for each county. Beginning in FY 2004-05, counties were directed to make withdrawals from these accounts each year in an amount equal to their FY 2003-04 revenue sharing payment adjusted for inflation. These withdrawals replaced State revenue sharing payments to counties, reducing State costs. When a county depleted its reserve account, it returned to State-paid revenue sharing. "Full funding" of this program pays each county that had depleted its revenue sharing reserve account the amount that it received in revenue sharing in FY 2003-04, adjusted by inflation for each year that the county made withdrawals from its revenue sharing reserve account. Once a county exhausts its revenue sharing reserve account, payments are no longer adjusted for inflation. MCL 141.911(6) authorizes proration of State payments as necessary based on the amount appropriated. Payments to counties were prorated from FY 2008-09 through FY 2013-14. Full funding was appropriated for FY 2014-15 and FY 2015-16. Total revenue sharing appropriations to counties increased to 100.976% of the full funding amount in FY 2016-17, 101.976% in FY 2017-18, 102.0% in FY 2018-19, and 104.5619% in FY 2019-20 and FY 2020-21, 106.6435% in FY 2021-22, and 113.04552% in FY 2022-23.

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5. Financially distressed cities, villages, or townships

\$2,500,000

This program was established in FY 2014-15. It provides grants of up to \$2.0 million to a city, village, or township that meets conditions of probable financial stress as determined by the Department of Treasury. The grants are for projects that move the local government toward financial stability by reducing unfunded accrued liability, repairing or replacing critical infrastructure, to reducing debt, for costs associated with a transition to shared services, or other projects. Sec. 956 describes the program.

Unit Gross Appropriation

\$1,562,139,700

Sales tax

1,562,139,700

State general fund/general purpose

0

Sec. 108 (12) STATE BUILDING AUTHORITY

The State Building Authority is authorized to issue and sell bonds and notes for the acquisition and construction of facilities and State equipment. The debt service on the bonds is payable from lease revenue paid by the State pursuant to provisions of the leases. Appropriations for this lease revenue are contained in State Building Authority Rent in the Department of Technology, Management, and Budget (DTMB) while the administrative functions are funded in the Department of Treasury.

1. State building authority

\$765,500

Classified FTE positions

3.0

First included in the FY 2014-15 budget for the administrative functions of the SBA. These functions were transferred to the Department of Treasury from the DTMB pursuant to Executive Order 2013-8.

In an FTE true-up, 1.0 unfunded FTE position was eliminated from the line in FY 2017-18.

Unit Gross Appropriation

\$765,500

State restricted funds

765,500

State general fund/general purpose

0

Sec. 108 (13) CITY INCOME TAX ADMINISTRATION PROGRAM

1. City income tax administration

\$10,148,200

Classified FTE positions

72.0

The FY 2015-16 budget included 50.0 FTEs and \$5.85 million to create the city income tax administration program. The purpose of this program is to allow cities that levy a local city income tax to join the state system. This allows cities to reduce administrative costs while still providing e-file for local income tax returns and verifying personal tax information with the state system. Cities that choose to enter the program pay the city income tax fund for the costs of administering the program for the city and the state then appropriates those funds. The funds cover the total costs for administering the program and no additional General Fund is needed. Starting in FY 2015-16, only the City of Detroit was active in this program for individual income tax return processing. In FY 2016-17, the program included tax withholding operations for the City of Detroit.

The line item was increased 23.0 FTEs and \$3,782,100 in ongoing appropriation and \$1.5 million in one-time appropriations to allow an additional city to join the program, which includes both ongoing support and the one-time IT costs. The additional cost is all paid for with local revenue.

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|------------------------------------|---------------------|
| Unit Gross Appropriation | \$10,148,200 |
| Local revenues | 10,148,200 |
| State general fund/general purpose | 0 |

Sec. 108 (14) INFORMATION TECHNOLOGY

- | | | |
|----|-----------------------------------------------------|--------------|
| 1. | <u>Information technology services and projects</u> | \$43,687,200 |
|----|-----------------------------------------------------|--------------|

This line funds the information technology charges paid by the Department to the DTMB. Executive Order 2009-55 transferred the responsibilities of the former Department of Information Technology to the newly combined Department of Technology, Management, and Budget. Previously, Executive Order 2001-3 centralized technology-related positions and functions in the Department of Information Technology (DIT). 140.0 FTEs were initially transferred to the new department from the Department of Treasury. Of these FTEs, 38.0 were from the Bureau of Lottery, 7.0 were from the Michigan Gaming Control Board, and 95.0 were from the Department of Treasury. The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges. Beginning with FY 2003-04, Lottery and the Gaming Control Board Information technology costs are shown in their respective appropriation units.

In FY 2016-17, this line item was increased \$1.6 million to transition the DTMB payment model from an hourly basis to a Rated Service payment model. This new model charges departments by the amount activity of services needed and the degree of services required to complete new projects from an hourly rate.

In FY 2021-22, this line item was increased \$4.6 million. Of the total, \$2.6 million was due to increased mainframe costs and \$2.0 was for legacy system upgrades.

In FY 2022-23, the line item was increased \$1,250,000 to support increase mainframe costs. Also, \$3.2 million was included to support implementation of SBs 248 & 178.

| | |
|------------------------------------|---------------------|
| Unit Gross Appropriation | \$48,878,700 |
| Interdepartmental grants revenue | 865,500 |
| Federal revenues | 619,100 |
| Local revenues | 1,261,700 |
| State restricted funds | 19,789,400 |
| State general fund/general purpose | 25,943,000 |

Sec. 108 (15) ONE-TIME APPROPRIATIONS

- | | | |
|----|----------------------------------------------------|-------------|
| 1. | <u>City, Village, and Township Revenue Sharing</u> | \$2,662,500 |
|----|----------------------------------------------------|-------------|

This line item was first included in FY 2022-23 to provide a 1% increase.

- | | | |
|----|-------------------------------|-----------|
| 2. | <u>County Revenue Sharing</u> | 2,318,900 |
|----|-------------------------------|-----------|

This line item was first included in FY 2022-23 to provide a 1% increase.

- | | | |
|----|---------------------------------------------------|------------|
| 3. | <u>Transportation Administration Support Fund</u> | 19,000,000 |
|----|---------------------------------------------------|------------|

First included in FY 2021-22 to deposit \$18.0 million into the newly created Transportation Administration Support Fund to support administrative costs in the Department of State.

In FY 2022-23, the line item was increased from \$18.0 to \$19.0 million.

- | | | |
|----|---------------------------------------|-----------|
| 4. | <u>Responsible gaming advertising</u> | 3,000,000 |
|----|---------------------------------------|-----------|

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

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Initial**

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------|
| First included in FY 2022-23 to support responsible gaming advertisement | | |
| 5. | <u>Local unit municipal pension payment grant</u> | 750,000,000 |
| First included in FY 2022-23 to provide grants to local unit pension systems that are less than 60% funded and meet the program requirements. | | |
| 6. | <u>State police retirement system deposit</u> | 100,000,000 |
| First included in FY 2022-23 to deposit \$100.0 million into the State Police Retirement System. | | |
| Unit Gross Appropriation | | \$876,981,400 |
| State restricted funds | | 7,981,400 |
| State general fund/general purpose revenue | | 869,000,000 |

DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2022 PA 166

**Section
Number**

Description and History

OPERATIONS

- 901 **Contingency Funds.** Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency authorization transfers are limited to the following revenue amounts: \$500,000 Federal, \$10,000,000 State Restricted, \$100,000 local, and \$20,000 private.
- Background:** This section has been Included since FY 2007-08. In FY 2019-20 the Federal, Local, and Private contingency funds were reduced in half.
- 902 **Debt Service Appropriation.** Appropriates amounts needed for interest, fees, rebates, and costs associated with issuance and repayment of notes and bonds, cash flow borrowing, and debt service on the School Bond Loan Fund. Also authorizes the State Treasurer to use repayments on loans from the School Bond Loan Fund to pay debt service on bonds or notes issued by the School Bond Loan Fund Program. These repayments are at the determination of the State Treasurer, unless use of the repayments is directed by statute.
- Background:** This section authorizes the State Treasurer to pay debt service costs on general obligation bonds or notes.
- 902a **Notification of Bond Refinancing or Restructuring.** Requires the department to notify the Legislature, the fiscal agencies, and the State Budget Office, within 30 days after issuance of any refunding or restructuring bond issue. The notification is required to include a comparison of the debt service before and after the issuance, the change in the principal and interest for the duration of the debt, and the change in the present value of the debt service due to the refinancing and restructuring.
- Background:** This section was added in FY 2011-12 due to concerns raised over the large increase in debt service appropriations in that budget due to prior restructuring of bonds to achieve debt service reductions in FY 2010-11.
- 902b **Report on Unappropriated Funds.** The section requires a report by the department 30 days after the CAFR is completed on the various funds controlled or administered by the department that are not appropriated in part 1. The report includes the starting balance, revenue, expenditures, and ending balance for each unappropriated fund in the previous fiscal year.
- Background:** First included in FY 2018-19 after \$100 million that had been generated in the Student Loan Operating Fund over eight years was appropriated for the Talent Investment Fund for the Marshall Plan. This fund was not appropriated in part 1 appropriations and therefore not included in the annual state restricted fund report. This section was included to ensure that all funds will be included in the annual restricted fund report.
- 903 **Tax Collection Contracts.** (1) Allows the Department to contract with private collection agencies to collect taxes and other accounts due to the State and cities in the City Tax Administration program. Limit's collection costs and fees, including infrastructure, to 25% or 2.5% of operating costs. (2) Allows the Department to contract with private agencies or law firms to collect defaulted student loans, and other accounts due to the State. Limits collection costs to 24.34% (3) Requires annual report due November 30. (4) requires a separate RFP to be issued for secondary placement collections services in the event that an RFP is issued for general collection services.
- Background:** The program began in early 1980s. The contract is bid every 5 years. In FY 2003-04, language was added providing for contractual authority to collect defaulted student loans. The section was modified in FY 2011-12 to increase the limit on collection costs for defaulted student loans from 23% to 24.36%, consistent with the allowable costs under Federal policy.
- In FY 2017-18, the RFP for secondary placement collections was added to this section.
- In FY 2018-19, the language for secondary placement collection services was modified to ensure that if an RFP is issued for general collection services, a separate RFP is also issued for secondary placement collection services.
- In FY 2021-22, included cities in the City Tax Administration Program.

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PART 2: BOILERPLATE DETAIL
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| Section Number | Description and History |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 904 | <p><u>Investment Service Fee.</u> Allows the Department to charge an investment service fee against retirement funds. Authorizes use of this fee revenue up to the appropriated amount for salaries, wages, and other costs of administering the State retirement funds. Also appropriates, in addition to amounts appropriated in Part 1, sufficient amounts from retirement funds for costs necessary to pay for outside consulting services needed for prudent management of retirement funds (including costs of money managers, investment advisors, consultants, and other outside professionals). Requires an annual report for each advisor's portfolio performance. Requires a report by November that identifies service fees assessed against each retirement system and the methodology used.</p> <p>Background: Allows additional funds to be expended for portfolio management beyond what is already appropriated. Originally targeted for consultants for international investments, but broadened to include all types of investments. All advisors are outside contractors and a report is required on the performance of each contractor.</p> <p>In FY 2021-22 the section was modified to include a report on the fees assessed on retirement systems.</p> |
| 904a | <p><u>Financial Services.</u> Appropriates sufficient funds in boilerplate to pay fees for financial services provided by banks under MCL 21.181. These are funded by restricted revenues from common cash interest earnings, investment earnings, and miscellaneous revenue.</p> <p>Background: First added in 2006-07. MCL 21.181 reads: "That it shall be the duty of the state treasurer to keep the accounts of the treasurer with all banks or depositories where any moneys of the state may be kept or deposited upon the regular books of his office so that each item of all such accounts shall appear therein." This section ensures payment of fees associated with these accounts. The FY 2016-17 budget included miscellaneous revenue to support financial services.</p> |
| 905 | <p><u>Municipal Finance Fee Fund.</u> This section creates a revolving fund to receive fees under the Municipal Finance Act. The Fund carries forward and does not lapse to the General Fund.</p> <p>New in FY 2012-13 to provide a mechanism for receiving and spending fee revenue related to the Municipal finance Act.</p> |
| 906 | <p><u>Audit Charges.</u> Requires the Department to charge for audits as permitted by State or Federal law and for annual report. Designates source of funding for audits appropriated in Part 1. Audits may be performed by Department auditors or by independent contracted CPAs. A report of audits performed and audit charges is required by November 30. Creates a revolving fund for audit charges collected pursuant to contracts with locals. The fund may carry forward.</p> <p>Background: This section refers to the line item "Local finance" in the Local Government Programs Unit in Part 1. The line is partially funded by appropriated revenue from local audit charges. This section requires the Department to bill for audits as permitted by law. The Department does not charge State departments or agencies for the performance of audits. The charges received are from local units of government. Financial audits may be performed by independent CPAs; however, Department staff perform the compliance audits. Revenue received from local units of government for audits averages around \$300,000 to \$400,000 per year. The section was modified in FY 2012-13 to create the Audit Charges Revolving Fund. Revenue from audit charges is deposited into the Audit Charges Fund where it can carry forward for future appropriation. The FY 2015-16 budget modified the section to cap the audit charges to the exact cost of performing the audit</p> |
| 907 | <p><u>Assessor Certification and Training Fund.</u> Creates the Assessor Certification and Training Fund, a revolving fund to operate the assessor certification and training program. Limits examination fees to \$50 and certification fees to \$175. Fee revenue is deposited into the revolving fund.</p> <p>Background: This section refers to a fund source in the Local Government Unit. The fees collected in the Fund are administered by the New State Tax Commission which assumed the responsibilities of the State Assessors Board pursuant to Executive Order 2009-51. In FY 2004-05 the language was modified to provide for the first fee increase since October 1, 1988. The exam fee was increased from \$25 to \$50, the initial certification fee from \$35 to \$50, Level 1 and Level 2 renewal fees from \$50 to \$75, and Level 3 and 4 renewal fees from \$95 to \$125. In FY 2013-14, the section was changed so that instead of setting the assessor fees, it capped the fees. The State Tax Commission interprets R 209.145 (adopted in 2010) as authority to set fees for assessor exams and certifications.</p> |

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The renewal fee was increased by the State Tax Commission to \$150 in FY 2012-13 and up to \$175 in FY 2013-14.

- 908 **Heating Assistance Program.** Specifies that the Home Heating Assistance program appropriation covers costs of program administration.

Background: The Department of Treasury administers the Federally funded home heating credit which assists low income residents with heating costs. The Treasury budget includes \$3,099,200 in Federal funds for the costs of administering this program. Funds for the credits are appropriated in the budget for the Department of Human Services. There have been transfers and supplemental appropriations in the past related to one-time Special Energy Allowances made available by the Federal government.

- 909 **Airport Parking Tax Act.** Appropriates revenue from the Airport Parking Tax Act for distribution pursuant to that Act.

Background: This section appropriates revenue received under the Airport Parking Tax Act and authorizes the pass-through of those funds. The Airport Parking Tax was established in 1987 to provide financial assistance to Wayne County and the City of Romulus. Public Act 680 of 2002 revised the distribution. MCL 207.377a requires the deposit of the first \$6.0 million of revenue per year in the State Aeronautics Fund, \$1.5 million per year to the City of Romulus, and the remaining funds to Wayne County. The State Aeronautics Fund can be used for airport security and safety projects, to provide State match for Federal airport security funds, and to reimburse the Comprehensive Transportation Fund for debt service on bonds issued through 2007. The distribution to Wayne County is required to be used for indigent health care. The funding must be appropriated.

| Airport Parking Tax Distributions | | | | |
|----------------------------------------------------------------------|--------------------------------|-----------------------------|----------------------------|-------------------------|
| Fiscal Year | Total Distributions | Aeronautics Fund | City of Romulus | Wayne County |
| 1998-99 | \$14,676,840 | | \$1,059,825 | \$13,617,014 |
| 1999-2000 | 16,774,530 | | 1,248,667 | 15,525,863 |
| 2000-01 | 17,521,750 | | 1,299,746 | 16,222,004 |
| 2001-02 | 14,117,938 | | 1,086,745 | 13,031,194 |
| 2002-03 | 14,359,024 | \$6,000,000 | 1,669,036 | 6,689,988 |
| 2003-04 | 14,727,758 | 6,000,000 | 1,500,000 | 7,227,758 |
| 2004-05 | 17,670,273 | 6,000,000 | 1,500,000 | 10,170,273 |
| 2005-06 | 20,196,145 | 6,000,000 | 1,500,000 | 12,696,145 |
| 2006-07 | 21,366,308 | 6,000,000 | 1,500,000 | 13,866,308 |
| 2007-08 | 22,775,662 | 6,000,000 | 1,500,000 | 15,275,662 |
| 2008-09 | 20,052,504 | 6,000,000 | 1,500,000 | 12,552,504 |
| 2009-10 | 19,590,612 | 6,000,000 | 1,500,000 | 12,090,612 |
| 2010-11 | 20,185,300 | 6,000,000 | 1,500,000 | 12,685,300 |
| 2011-12 | 20,584,767 | 6,000,000 | 1,500,000 | 13,084,767 |
| 2012-13 | 21,164,664 | 6,000,000 | 1,500,000 | 13,664,664 |
| 2013-14 | 22,274,834 | 6,000,000 | 1,500,000 | 14,774,834 |
| 2014-15 | 24,809,678 | 6,000,000 | 1,500,000 | 17,309,678 |
| 2015-16 | 27,321,972 | 6,000,000 | 1,500,000 | 19,321,972 |
| 2016-17 | 28,489,028 | 6,000,000 | 1,500,000 | 20,989,028 |
| 2017-18 | 29,885,000 | 6,000,000 | 1,500,000 | 22,385,000 |
| 2018-19 | 31,275,128 | 6,000,000 | 1,500,000 | 23,775,128 |
| 2019-20 | 18,766,000 | 6,000,000 | 1,500,000 | 11,266,000 |
| 2020-21 | 19,233,000 | 6,000,000 | 1,500,000 | 11,733,000 |
| Source: Office of Revenue & Tax Analysis, Michigan Dept. of Treasury | | | | |

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910 **Bottle Deposit Fund.** Appropriates the disbursement from the Bottle Deposit Fund to dealers.

Background: This section authorizes payment of revenue from the Bottle Deposit Fund to retailers that handle deposit returns. The Bottle Deposit Fund Consists of unclaimed beverage container deposits. Of the total unredeemed deposits, 75% goes to the Cleanup and Redevelopment Trust Fund in the Department of Environmental Quality and 25% is returned proportionately to dealers based on the number of empty containers handled. This section appropriates the payments to retailers as required by Initiated Law 1 of 1976 (MCL 445.571-445.576). The amounts shown below are the payments to retailers pursuant to this section.

| | | | |
|------------|-------------|------------|--------------|
| FY 1999-00 | \$5,402,630 | FY 2010-11 | \$4,087,650 |
| FY 2000-01 | \$6,047,740 | FY 2011-12 | \$4,389,462 |
| FY 2001-02 | \$4,549,691 | FY 2012-13 | \$5,238,510 |
| FY 2002-03 | \$5,393,489 | FY 2013-14 | \$5,349,748 |
| FY 2003-04 | \$3,017,317 | FY 2014-15 | \$5,496,928 |
| FY 2004-05 | \$2,766,455 | FY 2015-16 | \$6,356,335 |
| FY 2005-06 | \$3,160,077 | FY 2016-17 | \$7,432,140 |
| FY 2006-07 | \$4,052,140 | FY 2017-18 | \$8,390,531 |
| FY 2007-08 | \$2,192,206 | FY 2018-19 | \$10,700,000 |
| FY 2008-09 | \$3,129,127 | FY 2019-20 | \$27,100,000 |
| FY 2009-10 | \$4,444,922 | | |

911 **Refundable Tax Credits.** Appropriates an amount sufficient to pay refundable tax credits, tax refunds, and interest from tax revenue. Funding is supported by restricting tax revenue in an amount sufficient to record the necessary expenditures.

Background: This section authorizes a pass-through of funds toward paying tax credits and refunds and the State does not realize any of this revenue. Without the section, the state would have to appropriate the amount necessary to pay refundable tax credits and tax returns.

912 **Writ of Garnishment.** (a) Requires that a \$6.00 fee be paid at the time a writ of garnishment of periodic payments is served upon the State Treasurer. (b) The fee is reduced to \$5.00 if writs of garnishment for individual income tax refunds and credits are filed by magnetic media.

Background: Part (a) is in statute, MCL 4012(3), "Except as otherwise provided by statute, a plaintiff shall pay a fee of \$6.00 at the time a writ to the garnishee of garnishment of periodic payments is served upon the garnishee." Part (b) is not in statute. It serves as an incentive for local governmental units to use magnetic media for filing.

913(1) **Senior Citizen Cooperative Housing Appraisals and Assessments.** Allows the Department to contract with a private firm to appraise and appeal assessments of senior citizen cooperative housing units. Authorizes the Department to pay for the service out of savings from the appeal process.

Background: This section ties to the line item for Senior Citizen Cooperative Housing, a program where the State pays the property tax for qualified housing. This section provides authorization to appeal assessments and spend part of the program funds for that purpose.

913(2) **Senior Citizen Cooperative Housing Program Audit.** Requires a portion of the senior citizens cooperative housing tax exemption program to be used for a program audit. Authorizes up to 1% of program funds to be used for administration and auditing.

Background: The section allows for an audit of the entire program, whereas the above section only addresses appeals of assessments. This is a function of the Internal Audit office. The FY 2011-12 budget modified this language from a required audit, to a permissive authority to audit, and required that if an audit is completed, the audit shall be provided to the Legislature.

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| Section Number | Description and History |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 914 | <p><u>Rosenthal Prize for Interns.</u> Provides for a \$200 annual prize from the Ehlers Internship Award Account to the runner-up of the Rosenthal prize for interns.</p> <p>Background: The Rosenthal prize of \$500 is awarded to a college intern who worked for the Legislature. The person must be nominated by a legislative office and enrolled in a Michigan college or university. The Ehlers Award is \$200 and given to the runner-up for the Rosenthal prize. A list of prior recipients is available from The Department of Treasury.</p> |
| 915 | <p><u>State Campaign Fund.</u> Provides for the appropriation and carry forward of designated amounts to the State Campaign Fund pursuant to the Michigan Campaign Finance Act. Any balance in excess of \$10,000,000 reverts to the General Fund on December 31 of each year.</p> <p>Background: The State Campaign Fund receives the revenue from the \$3 contribution check-off taxpayers may choose on their income tax forms. This section appropriates revenue pursuant to statute. In accordance with MCL 169.261, funds in excess of \$10.0 million revert to the General Fund at the end of the calendar year of a gubernatorial election.</p> |
| 916 | <p><u>Unclaimed Property Listings.</u> Provides for sale of customized unclaimed property listings of non-confidential information. Sets fees and deposits revenue. Requires an annual report due June 1.</p> <p>Background: This section provides authorization for the Department of Treasury to charge and collect a fee from companies who charge consumers a finder's fee for searching unclaimed property records.</p> |
| 917 | <p><u>Write-Offs and Advances.</u> Appropriates funds for write-offs and advances for departmental programs, not to exceed current year authorizations that would lapse to the General Fund. Requires an annual report that states the amounts appropriated for write-offs and advances and an explanation for each write-off or advance that occurred.</p> <p>Background: This section was first included in FY 2001-02 in response to a problem regarding Delinquent Property Tax Administration Fund. It was modeled after a section in the Family Independence Agency budget.</p> <p>Modified in FY 2019-20 to include an explanation for each write-off or advance that occurs in the previous fiscal year.</p> |
| 919 | <p><u>Private Auditing and Collection of Unclaimed Property.</u> (1) Allows the Department to contract with private auditing firms to audit and collect unclaimed property on behalf of the State. Appropriates collection costs up to 12% of revenues collected. (2) Requires an annual report on November 30 on the amount and cost of collections.</p> <p>Background: This section was first included in FY 2002-03. The Department does contract with private firms for collection. The companies are not paid until they identify and remit unclaimed property that are owed to Michigan residents.</p> |
| 920 | <p><u>Local Community Stabilization Notification.</u> Requires that the Department list all reimbursement payments in the current fiscal year that are to be distributed by the local community stabilization authority by June 30.</p> <p>Background: This section was first included in FY 2017-18. The concern was that local units of government were unaware that future personal property tax reimbursement payments can be adjusted if errors were found in previous payments made and the payment distribution.</p> <p>Modified in FY 2019-20 to change the date from September 30 to June 30 and replaced a notice about changes to payments with a report that lists the reimbursement payments due to statutory changes to the program.</p> |

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| Section Number | Description and History |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 921 | <p><u>Notification of Implementation Bulletins.</u> Requires notification from the department to the legislature when any revenue administrative bulletins, administrative rules involving tax collection, or interpretation of tax law are posted. The notification is required to include a summary of the proposed changes, identifying the industries who will be affected, the possible fiscal implications, and the reason for the change.</p> <p>Background: First included in FY 2020-21 to notify the legislature when the department makes changes to tax collection.</p> |
| 924 | <p><u>Principal Residence Audit Fund.</u> Appropriates Principal Residence Audit Fund revenue for the administration of homestead property tax exemption audits pursuant to the General Property Tax Act. Requires a report by December 31 of the amount of exemptions denied and the revenue received.</p> <p>Background: This section was first included in FY 2003-04. Modified in FY 2005-06 from Homestead Property Tax Exemption Audit Fund to Principal Residence Audit Fund. Modified in FY 2010-11 to specify the reporting elements.</p> |
| 927 | <p><u>Essential Assessment Audit Report.</u> Requires an annual report on essential service assessment audits that includes the number of audits, revenue generates, and the number of complaints received by the Department.</p> <p>Background: Moved to this section in FY 2010-11 to report on personal property tax audit. Previously the report was in Section 947(1). Modified in FY 2018-19 to include essential service assessment audits. Modified in FY 2020-21 to remove personal property tax audits since those audits no longer occur.</p> |
| 928 | <p><u>Services to State Departments and Agencies.</u> Allows the Department to provide cash processing, cash handling, warrant processing, writ of garnishment, or other user services on a contractual basis to State departments and State agencies. Appropriates funds for services provided to support costs incurred by the Department. Unobligated funds (e.g. garnishment fees) revert to the General Fund.</p> <p>Background: This refers to the department operations in the Departmental Administration and Support unit. It authorizes a chargeback of the above services provided to other departments by the Department of Treasury. There are written contracts with some of the departments for these services, although some pay the bills without a contract agreement. To date, there has not been revenue remaining at the end of the fiscal year to revert to the General Fund.</p> |
| 930 | <p><u>Accounts Receivable Collection Services.</u> Requires the Department to provide accounts receivable collections services to other departments, State agencies, and cities in the City Income Tax Administration. Provides for fee and requires annual report by November 30.</p> <p>Background: This service is provided through a contract with GC Services. This is a chargeback for collection services provided to other departments.</p> <p>In FY 2021-22 the section was modified to include cities in the City Income Tax Administration program.</p> |
| 931 | <p><u>Treasury Fees.</u> Provides for receipt and expenditure of investment fees for current and new restricted funds that receive common cash earnings or other investment income. Fees are to cover all costs of investing the funds. Investment fees assessed against restricted funds will be based on the absolute value of the average daily cash balance, the market value of investments in the prior fiscal year, and the level of effort necessary to maintain the restricted fund. Requires an annual report on November 30, identifying the fees assessed against each fund.</p> <p>Background: A list of the Treasury fees fund sources included in Part 1 was previously included in this section. In FY 2002-03, the section was amended to require the list in an annual report instead of including it in this appropriation bill. Modified FY 2005-06 to provide for receipt and expenditure of investment fees and assessing fees against restricted funds.</p> |
| 932 | <p><u>Michigan Education Trust Act.</u> Revenue received under the Michigan Education Trust Act may be used for salaries, supplies, contracted services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.</p> <p>Background: This use of funds is one of the authorized purposes under MCL 390.1429.</p> |

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| Section Number | Description and History |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 934 | <p><u>Michigan Finance Authority.</u> Authorizes the Department to expend revenue received for various bonding programs for necessary expenses of the programs. Requires a report by January 31 on expenditures made from funds received in addition to those appropriated in Part 1 and a listing of revenue reimbursed by the MFA.</p> <p>Background: This section was new in FY 2010-11. It reflects Executive Order 2010-2 which combined most bonding programs under the Michigan Finance Authority Board and centralized administration in the Department of Treasury. It also moved funding for the program from boilerplate to a line item, leaving this receive and expend authority. The Michigan Finance Authority covers responsibilities under the Hospital Finance Authority Act, the Shared Credit Rating Act, the Higher Education Facilities Authority Act, the Michigan Public Educational Facilities Authority, the Michigan Tobacco Settlement Authority Act, Land Bank Fast Track Act, the Natural Resources and Environmental Protection Act, and the Michigan State Housing Development Authority Act. The FY 2011-12 budget changed the report date to January 31, 2012 for prior fiscal year activity.</p> |
| 935 | <p><u>Dual Enrollment.</u> Requires the distribution of appropriations for dual enrollment for eligible nonpublic school students pursuant to the statutory authority for the program.</p> <p>Background: This section was added in FY 2013-14 to link the appropriation in Part 1 with the Post-Secondary Enrollment Options Act, MCL 388.511 to 388.524, and the Career and Technical Preparation Act, MCL 388.1901 to 388.1913, which allows for the reimbursement of dual enrollment for nonpublic school students.</p> |
| 937 | <p><u>Michigan Accounts Receivable Collection Systems Report.</u> Requires a new report on Michigan's accounts receivable collection system for long term delinquent accounts. The report includes, information on the effectiveness of vendors, amounts referred to vendors, the liquidation rate, amount of delinquent accounts, long term strategies, and a summary of the strategies that other states use to track delinquent accounts.</p> <p>Background: First included in the FY 2016-17 budget.</p> |
| 941 | <p><u>MEGA report.</u> Requires cooperation with the Department of Labor and Economic Opportunity on an annual report due November 1, on the projected costs of the various outstanding tax credits. The report includes the total original credit amounts issued for each year, total adjustments made to credits, the actual and projected value for each year from 1995 to the expiration of the programs. Each year shall include the amount claimed, certified, and pending. Projections will be based on the estimates of employees, wages, and benefits.</p> <p>Background: First included in the FY 2016-17 budget.</p> |
| 944 | <p><u>Pension Plan Consultant.</u> Requires that any report given to the department by a pension plan consultant be provided to the subcommittees on general government, the fiscal agencies and the state budget director. The Department must also include a rationale for needing a pension plan consultant if one is used by the department.</p> <p>Background: First included FY 2008-09. Modified in FY 2010-11 to change the timing of the report to annually (instead of within 30 days). Modified in FY 2015-16 to require that the reports be retained and made available upon request by the legislature while removing the reporting requirement. In FY 2017-18, the requirement that a rationale be included when a pension plan consultant is used was added to this section.</p> |
| 945 | <p><u>Assessment Administration.</u> Provides that Treasury conduct audits of local unit assessment administration practices, procedures, and records for every jurisdiction a minimum of once every five years in accordance to section 10g of the General Property Tax Act (MCL 211.10g).</p> <p>Background: First included in FY 2005-06. Modified the audit in FY 2015-16 from a 14-point review audit to an audit of minimum assessing requirements review for each county. In FY 2017-18, the assessment time was modified from one jurisdiction in each county every year to every jurisdiction once every five years.</p> <p>Modified in FY 2019-20 to ensure that audits are conducted in accordance to PA 660 of 2018.</p> |

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- 946 **Convention Facility Development Fund.** This language requires collections into the fund to be distributed according to Sections 8, 9, and 10 of the State Convention Facility Development Act, 1985 PA 106 (MCL 207.628, 207.629, and 207.630).
Background: First included FY 2014-15.
- 947 **Financial Independence Team.** This language creates a financial independence team to cooperate with the office of fiscal responsibility, located in the supervision of general property tax line item, to coordinate and streamline efforts in identifying and addressing fiscal emergencies in local and intermediate school districts.
Background: First included FY 2014-15.
- 948 **Legacy Costs.** This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs and an estimate of the pension-related and health care legacy costs.
Background: First included FY 2014-15.

| Estimated Legacy Cost History | | | |
|-------------------------------|-------------------|-----------------|--------------|
| Fiscal Year | Total Legacy Cost | Pension-Related | Health Care |
| 2014-15 | \$48,636,500 | \$26,860,700 | \$21,775,800 |
| 2015-16 | 46,551,300 | 26,422,100 | 20,129,200 |
| 2016-17 | 49,651,800 | 27,530,500 | 22,121,300 |
| 2017-18 | 43,024,600 | 22,140,700 | 20,883,900 |
| 2018-19 | 44,037,800 | 20,302,200 | 23,735,600 |
| 2019-20 | 42,035,900 | 20,434,600 | 21,601,300 |
| 2020-21 | 46,453,650 | 22,289,000 | 24,164,600 |
| 2021-22 | 41,406,400 | 23,198,100 | 18,208,300 |
| 2022-23 | 40,613,300 | 24,657,600 | 15,955,700 |

- 949 **Income Tax Fraud Prevention.** Allows \$1.5 million in delinquent tax revenue to be used towards contracting with a private agency or fund operations that prevent the disbursement of fraudulent tax refunds. Of the funds that have been prevented from being disbursed to fraudulent returns, up to \$1.5 million can be used towards this effort. Also, requires a report to the Legislature on the amount of fraudulent tax returns that were stopped due to this effort.
Background: First included as supplemental funding in FY 2014-15 to allow the department to contract for fraud detection services for tax returns. The FY 2015-16 budget moved the funding to this boilerplate section as well as adding the reporting requirement. In FY 2017-18, the total funding allowable for this contract was reduced from \$1.6 million to \$1.2 million to reflect actual spending on the contract. In FY 2020-21, the amount was increased from \$1.2 million to \$1.5 million.
- 949a **City Income Tax Administration Program.** This language allows the Department to work with an additional city to administer individual income tax returns on behalf of a city that leverages a local city income tax.
Background: First included in FY 2015-16. In FY 2017-18, the language was modified to reflect the potential of an additional city entering the program. Modified in FY 2020-21 from "shall" to "May." The Department currently only operates the income tax services for the City of Detroit.
- 949b **Good Jobs for Michigan Program.** Requires that the tax revenues captured under the Good Jobs for Michigan program from the General Fund transferred to the Good Jobs for Michigan Fund and that the calculated payments for authorized businesses and the amount allowable for administration at the Michigan Strategic Fund be disbursed in accordance to statute.
Background: This section was first included in FY 2021-22 when revenue began to be captured under the Good Jobs for Michigan program, which was created in PA 109 of 2017.

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| 949c | <p><u>Farmland and Open Space Preservation Program.</u> Requires that funds expended for administration of Michigan Farmland and Open Space Preservation Program be expended in coordination with the Department and Agriculture and Rural Development to improve the timely processing and issuance of tax credits for the program.</p> <p>Background: This section was first included in FY 2021-22.</p> |
| 949d | <p><u>Financial Review Commission.</u> This section requires that funds used for the Financial Review Commission be used to ensure that the city of Detroit and the community school district does not reenter financial distress, it also includes benchmarks that should be used to measure progress. The section also requires an updated metric report on the commission by March, 15.</p> <p>Background: First included in FY 2015-16 to require that metrics be established. PA 183 of 2014 created the Financial Review Commission as part of the Detroit bankruptcy package to ensure that the City of Detroit follows statute. In FY 2017-18, the section was modified to require an update to the metrics that were established for the commission and to include the school district.</p> |
| 949e | <p><u>Essential Services Assessment Program.</u> This section requires that the funds used for the Essential Services Assessment Program be used to phase-in the new state essential services assessment.</p> <p>Background: First included in FY 2015-16. The state essential services assessment is the replacement for the locally collected personal property tax.</p> |
| 949f | <p><u>Tobacco Tax Revenue.</u> Allows tobacco revenue that is collected from Wayne county, to be distributed according to PA 327 of 1993.</p> <p>Background: First included in FY 2015-16. Tobacco tax revenue had been used in Wayne county to support an indigent care program in the county. That program's Federal funding had been removed and this language was added to allow the funds to be moved to a different indigent care program in the county.</p> |
| 949g | <p><u>Employment Opportunity Fund Tax Capture Revenues.</u> Allows the tax capture of agreements made under the Employment Opportunity program and to make calculations and distributions based on the agreements under Chapter 8f of the Michigan Strategic Fund Act.</p> <p>Background: First included in FY 2022-23.</p> |
| 949h | <p><u>Medical Marihuana Excise Fund.</u> Requires that the Medical Marihuana Excise Fund be distributed and used in accordance to statute passed by PA 281 of 2016.</p> <p>Background: First included in FY 2017-18 when Medical Marihuana Excise Fund and Grants were included in the Department's budget.</p> |
| 949i | <p><u>Marihuana Regulations and Taxation.</u> Requires that revenue generated under the Michigan Regulation and Taxation of Marihuana Act be appropriated and distributed pursuant to the initiative law.</p> <p>Background: This section was first included in FY 2021-22.</p> |

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| 949j | <p><u>Wrongful Imprisonment Compensation Fund.</u> Requires that all funds in the wrongful imprisonment compensation fund be used in accordance with statute passed in PA 343 of 2016, which created the fund and outlines distribution of the funds.</p> <p>Background: First included in FY 2016-17 by supplemental appropriations from Article XX in PA 107 of 2017, which deposited \$5.0 million GF/GP into the fund and was continued into FY 2017-18. The fund provides reimbursement to those wrongfully imprisoned and qualify for reimbursement. The reimbursement rate is \$50,000 per year in prison plus legal fees. Payments can be made in a lump-sum or over no more than ten years in annual payments. If the ten-year annual payment option is chosen then 20% of the total amount owed is required in the first year. A court determines if a lump-sum or annual payments shall be made. At the time that the \$5.0 million deposit was made, there was estimated to be around \$13.9 million in total, qualified reimbursements that will need to be made. Since then, additional deposits have been made into the fund to support additional claims being awarded.</p> |
| 949k | <p><u>Transformational Brownfield Zones.</u> Requires that the department appropriate the amount sufficient to recognize and pay an amount equal to the tax captured revenues that are due under approved transformational brownfield plans as provided by law.</p> <p>Background: First included in FY 2018-19 to ensure that the department appropriates the amount of revenue to transformational brownfield zones in accordance to statute.</p> |
| 949l | <p><u>Transportation Administration Support Fund.</u> Creates the Transportation Administration Support Fund within the Department of Treasury, requires remaining funds at the end of the fiscal year to be carried forward and not lapsed to the General Fund, and specifies that funds appropriated in part 1 for the fund are to be deposited into the fund.</p> <p>Background: First included in FY 2021-22.</p> |
| 949m | <p><u>Michigan Infrastructure Council.</u> Requires that the funds appropriated for the Michigan Infrastructure Council be used to plan, conduct, and contract for asset management improvement activities including: infrastructure data collection, asset manager training, development of a 30-year asset management plan, assist in improvement projects such as asset management portals, and other projects to improve the assessment management for infrastructure in Michigan.</p> <p>Background: First included in FY 2021-22.</p> |
| 949n | <p><u>Fostering Futures Scholarship Trust Fund.</u> Deposits gifts and donations made under the Fostering Futures Scholarship Trust Fund Act and make expenditures in accordance to the act.</p> <p>Background: First included in FY 2022-23.</p> |

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| 949o | <p><u>Machine-Readable Financial Disclosure for Local units.</u> (1) From the funds appropriated in part 1 for local government programs, the department shall, in partnership with a public university located in this state, develop an information technology strategy that does all of the following:</p> <ul style="list-style-type: none">(a) Identifies opportunities for machine-readable financial disclosures for local units of government.(b) Uses XBRL.(c) Allows for local units of government to transition to the strategy if their existing information technology systems are retired or if new software solutions are used for creating and processing integrated data and reporting.(d) Creates a pilot program for associations representing local units of government and government finance officers to do both of the following:<ul style="list-style-type: none">(i) Review the feasibility of local units of government using XBRL software to file required financial reporting with department of treasury.(ii) Assist the department in developing the information technology strategy. <p>(2) The department shall determine the feasibility and cost of implementing the ability to accept XBRL files on the department's website as a substitute for annual financial reports, form F-65, and form 5572, including any enhancements to current information technology systems that are required to implement the information technology strategy developed under subsection (1).</p> <p>(3) As used in this section, "XBRL" means extensible business reporting language.</p> <p>Background: First included in FY 2022-23 to create a pilot program that allows doe machine-readable financial disclosure.</p> |

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REVENUE SHARING

950 **Constitutional Revenue Sharing.** States that the appropriation in part 1 for constitutional revenue sharing payments is in accordance with Article IX, Section 10 of the Michigan Constitution and appropriates additional revenue in excess of the amount appropriated in part 1 for constitutional revenue sharing to meet the constitutional obligation. Under the Constitution, 15% of sales tax revenue received at a tax rate of 4% is distributed on a per-capita basis to cities, villages, and townships.

Background: Prior to FY 2011-12, this section included direction for statutory revenue sharing, which in recent years has been adjusted annually in boilerplate. That boilerplate was removed in FY 2011-12 and replaced with Sec. 952 which describes the Economic Vitality Incentive Program in effect from FY 2011-12 through FY 2013-14 and the City, Village, and Township Revenue Sharing program in effect for FY 2014-15 through FY 2019-20.

952 **Nonconstitutional Revenue Sharing Formula and Incentive Program Requirements.** This section sets the maximum payment amounts and the incentive requirements for payments from the City, Village, and Township Revenue Sharing program or the County Incentive Program. Funds not claimed under these programs carry forward in a work project for use (after a legislative transfer) for grants to Financially Distressed Cities, Villages, or Townships.

(1) For CVTs: An eligible CVT (one that received at least \$1,000 in statutory revenue sharing in FY 2009-10 or has a population of more than 7,500) can receive a maximum payment at 100.0% of the initially appropriated statutory revenue payment in FY 2019-20.

In FY 2022-23, An eligible CVT can receive a maximum payment at 106.0% of the initially appropriated statutory revenue payment in FY 2021-22.

(2) For Counties: An eligible county can receive 20% of its total statutory revenue sharing payment *calculated according to the statutory formula* through the County Incentive Program. This amount is prorated as necessary based on the appropriation. The appropriation sets the maximum CIP payments in FY 2019-20 for each county at the same level as in FY 2015-16 through FY 2018-19 and controls the actual share of total revenue sharing payments to counties made through the CIP, which has declined to 19.1% in FY 2020-21. Appropriation increases since FY 2016-17 were directed to the County Revenue Sharing line item which does not require completion of accountability and transparency requirements.

(3) Payment Dates: Payments are made on the last business day of October, December, February, April, June, and August. The October payment is made to all eligible local units. The remaining payments are only made to local units that have submitted the certification of compliance to the Department of Treasury by the first day of the payment month.

(4) Incentive Requirements: The grants are available to eligible CVTs and counties that satisfy accountability and transparency requirements:

Accountability and Transparency. Requires each eligible CVT or county to certify by December 1 or the first day of a payment month that it has completed a citizen's guide to local finances which can be completed either as traditional report or through the Department of Treasury's online system. This guide must include:

- a listing of unfunded liabilities
- a performance dashboard
- a debt service report that details debt service requirements including:
 - issuance date and amount
 - type of debt instrument
 - list of revenues pledged for repayment
 - list of annual payment amounts until maturity
- a projected budget report including revenues and expenditures for the current and next fiscal year and an explanation of assumptions.

Language added in FY 2015-16 requires that an eligible CVT or county include in any mailing of general information to its citizens the website address or physical location where the accountability and transparency reports can be viewed. Copies of the accountability and transparency reports must be submitted to Treasury.

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| | <p><u>(5) Unexpended funds:</u> The unexpended funds appropriated in part 1 for city, village, and township revenue sharing and the county incentive program shall be available for expenditure under the program for financially distressed cities, villages, or townships after the approval of transfers by the legislature pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.</p> <p><u>(6) Underfunded Retirement Pension Requirement:</u> Any city, village, or township eligible to receive a payment under subsection (1) and determined to have a retirement pension benefit system in underfunded status under section 5 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2805, must allocate an amount equal to its current year eligible payment under subsection (1) less the sum of its eligible payment for city, village, and township revenue sharing in 2019 PA 56 to its pension unfunded liability. A city, village, or township that has issued a municipal security under section 518 of the revised municipal finance act, 2001 PA 34, MCL 141.2518, is exempt from this requirement.</p> <p>Background: The Economic Vitality Incentive Program (EVIP) program was added in FY 2011-12 to replace statutory revenue sharing for cities, villages, and townships with a program to encourage accountability and transparency, consolidation of services, and plans for limiting some types of employee compensation (the employee compensation category was replaced in FY 2013-14 by a plan to reduce unfunded accrued liabilities). The EVIP was renamed to City, Village, and Township Revenue Sharing in FY 2014-15 and the requirements were simplified.</p> <p>The incentive program was expanded to eligible counties in FY 2012-13. The share of revenue sharing payments to counties distributed according to the incentive program is determined by the appropriations for the incentive program and the county revenue sharing program. For FY 2012-13 to FY 2015-16, 20% of the total State revenue sharing payments to counties was distributed through the County Incentive Program. This is changed slightly since FY 2016-17 as the appropriation for County Revenue Sharing increased and the amount for the CIP stayed the same as in FY 2015-16.</p> <p>In FY 2011-12:</p> <ul style="list-style-type: none">• The section allocated \$5.0 million from the EVIP appropriation to the Competitive Grant Assistance Program for competitive grants to encourage mergers, interlocal agreements, and consolidation of services. The Competitive Grant Assistance Program was moved to Sec. 951 for FY 2012-13 and FY 2013-14, and eliminated in FY 2014-15.• Sec. 1201 made one-time appropriations for EVIP in FY 2011-12.• Mid-year revisions amended the incentive program requirements and deadlines. <p>In FY 2012-13:</p> <ul style="list-style-type: none">• Counties were added to the incentive program. <p>In FY 2013-14:</p> <ul style="list-style-type: none">• Replaced the Employment Compensation category with the Unfunded Liabilities category.• Expanded the debt service reporting requirements of Category 1.• Added innovation and privatization projects as eligible projects under consolidation of services.• Mid-year revisions extended a certification date from October 1 to December 1 and revised the requirements for the unfunded accrued liability plan. |

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In FY 2014-15:

- Renamed the CVT program from EVIP to City, Village, and Township Revenue Sharing.
- Expanded eligibility to CVTs with a revenue sharing population of more than 7,500 and/or a FY 2009-10 statutory revenue sharing payment of at least \$4,500.
- Modified the payment calculation for eligible CVTs to the larger of 78.51044% of the FY 2009-10 payment (a 3.1% increase over FY 2013-14) or \$2.64659 per capita.
- Reduced incentive requirements for CVTs and counties to accountability and transparency only. Eliminated the planning requirements for consolidation of services and unfunded accrued liabilities.

In FY 2015-16:

- Specified that debt service payments must be reported for each year until maturity of the debt.
- Required that eligible local governments include the internet address or physical location of transparency reports in any general interest mailing to local residents.

In FY 2016-17:

- The CIP payment was calculated as 20% of the formula amount under the Glenn Steil State Revenue Sharing Act. This is slightly less than 20% of the total appropriations for counties because total appropriations for revenue sharing payments to counties were 100.976% of the statutory formula amount.

In FY 2017-18:

- Allowed local governments to use the online citizen's guide to local finances developed by the Department of Treasury.

In FY 2018-19:

- Minimum payment threshold for CVTs was reduced from \$4,500 received in FY 2009-10 to \$1,000 received in FY 2009-10.

In FY 2019-20:

- Required any CVT or county with an underfunded retirement system to dedicate any increase in funding from FY 2018-19 to fund that retirement system.

In FY 2020-21:

- Removed requirement to dedicate additional funding to an underfunded retirement system.

955

County Revenue Sharing. (1) Appropriates to each county the difference between 113.04552% of the amount the county is eligible for pursuant to the Glenn Steil State Revenue Sharing Act less the amount the county is eligible for from the County Incentive Program. The total amount of State payments is prorated to the amount appropriated.

(2) Requires the Department of Treasury to certify annually the amount that each county is authorized to withdraw from its reserve fund.

(3) The amount a county is eligible for under the Glenn Steil State Revenue Sharing Act is the amount the county was eligible for in FY 2003-04, adjusted by inflation for the years the county was making withdrawals from the restricted reserve fund, and reduced by the amount the county was authorized to withdraw during the year from its revenue sharing reserve fund.

Background: This section was first included in FY 2004-05. At that time, counties were required to accelerate property tax collections and use the proceeds to create a revenue sharing reserve fund. Counties make withdrawals from their reserve funds to replace State revenue sharing payments. When the reserve fund is exhausted, a county returns to State-paid revenue sharing. The timing of a county's return to State-paid revenue sharing varies considerably depending on a county's relative reliance on local property taxes and revenue sharing payments in the county budget. Withdrawal amounts from the reserve fund are established annually by Treasury. During the period where a county makes reserve fund withdrawals, withdrawal amounts increase by inflation. For counties in State-paid revenue sharing, no inflationary increases are required by statute.

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The section was revised in FY 2016-17 to specify that a county is eligible for more than the payment amount specified by statute. The language was added that calculated the payment as the difference between 100.976% of the statutory amount and the amount the county is eligible for under the County Incentive Program. The percentage has been increased in subsequent years.

In FY 2011-12, 50 counties were in the State-paid county revenue sharing program. An additional 12 counties returned to revenue sharing in FY 2012-13 and one in FY 2013-14. Another 11 counties re-entered State-paid revenue sharing in FY 2014-15, two in FY 2015-16, two in FY 2016-17, 3 in FY 2018-19, and 1 in FY 2020-21, making 82 of 83 counties eligible for State payments in FY 2020-21.

In FY 2022-23, all counties are eligible for State payments at 113.04552% of the statutory amount.

956

Financially Distressed Cities, Village, or Townships. Directs Treasury to make grants of up to \$2.0 million to cities, villages, or townships that have signs of probable financial distress as determined by the Department of Treasury. No city, village, or township can receive more than \$2.0 million under the program. The funds are for projects that move the local government toward financial stability, including: reductions in debt, reduction in unfunded accrued liabilities, repair or replacement of critical infrastructure owned or maintained by the local government, or costs associated with a transition to shared services with another jurisdiction. The Department is required to report by March 31 on approved awards and projects. Unused funds would remain in a work project through September 30, 2022. Sec. 952 allocates unused funds from the City, Village, and Township Revenue Sharing Program and the County Incentive Program to the line item for Financially Distressed Cities, Villages, or Townships upon approval of a legislative transfer.

Background: Added in FY 2014-15. In FY 2017-18 the allowable types of projects were limited to those listed in the boilerplate. In FY 2018-19, language was added to allow a CVT "to administer other projects that move the city, village, or township toward financial stability".

LOTTERY

960

Lottery Operations Additional Appropriations. Appropriates Lottery revenue to implement and operate lottery games under the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, 1972, PA 239, MCL 432.1 to 432.47 and the Traxler-McCauley-Law-Bowman Bingo Act, 1972 PA 382, MCL 432.101 to 432.120. Lottery costs include contractually mandated vendor commissions, payments for instant tickets for resale, costs of providing on-line communications network and incentive, and bonus payments to lottery retailers.

Background: This section provides the authority for expenditures related to sales volume. The Bureau of Lottery maintains individual accounts for each purpose listed in the section. In FY 2012-13 the statutory references were added.

964

Lottery Promotion. This section allows the bureau to use up to 1% of gross lottery sale revenue from the previous year towards lottery promotion and advertisement.

Background: This funds the advertising and marketing expenses of the Bureau in promotion of the Lottery games. The line item was increased by \$931,100 or 5.3% in FY 2012-13, restoring a cut of 5% made in FY 2010-11.

In FY 2015-16, the funding was moved from a line item in part one to this boilerplate section and capped total funding that could be spent on lottery promotion and advertisement at 1% of gross lottery sales from the previous year or \$23 million, whichever is less. Previous to that, the line item funded lottery promotion and advertisement at \$18,622,000. In FY 2016-17, the dollar cap was increased from \$23 million to \$25 million. In FY 2017-18, the dollar cap was increased to \$30.0 million. In FY 2018-19, the dollar cap was removed keeping only the 1% spending cap.

CASINO GAMING

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| Section Number | Description and History |
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| 971 | <p><u>Compulsive Gaming Prevention Fund.</u> (1) Provides that \$2,000,000 of revenue collected from total annual assessments of each casino licensee be deposited in the Compulsive Gaming Prevention Fund.</p> <p>(2) Provides that \$500,000 from the Internet Sports Betting Fund be deposited into the Compulsive Gaming Prevention Fund and deposit \$2.0 million into the First Responder Presumed Coverage Fund.</p> <p>(3) Provides that \$500,000 from the Internet Gaming Fund be deposited into the Compulsive Gaming Prevention Fund after covering the administrative cost incurred from regulation and enforcement of lawful internet gaming and millionaire party activities, and deposit \$2.0 million into the First Responder Presumed Coverage Fund.</p> <p>Background: This section is pursuant to the Michigan Gaming Control and Revenue Act, MCL 432.212a, which requires an appropriation to deposit \$2 million into the Compulsive Gaming Prevention Fund. This Fund is used for programs combating gambling addiction. The Fund is administered and spent by the Department of Community Health.</p> <p>Modified in FY 2020-21 to include (2) and (3) to make deposits from the internet sport betting and internet gaming funds into the Compulsive Gaming Prevention Fund and First Responder Presumed Coverage Fund. This aligned with enactment of internet sports and internet gaming in the State of Michigan (PAs 147-152 of 2019).</p> |
| 972 | <p><u>School Aid Fund Deposit.</u> After all other required expenditures described in section 16(3) of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.516; section 16(4) of the lawful internet gaming act, 2019 PA 152, MCL 432.316; and section 16(4) of the lawful sports betting act, 2019 PA 149, MCL 432.416 are made, any money remaining in the fantasy contest fund, internet gaming fund, and internet sports betting fund are appropriated and shall be deposited into the state school aid fund as described in section 16(3)(b) of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.516; section 16(4) of the lawful internet gaming act, 2019 PA 152, MCL 432.316; and section 16(4) of the lawful sports betting act, 2019 PA 149, MCL 432.416.</p> <p>Background: First included in FY 2022-23 to align appropriation language with statute.</p> |
| 973 | <p><u>Native American Gaming Compacts.</u> (1) Allows funds from the Local Government Programs section to be used to assist local revenue sharing boards. (2) Requires local revenue sharing boards to comply with the Open Meetings Act and the Freedom of Information Act. (3) Authorizes county treasurers to receive and administer funds on behalf of the local revenue sharing board. Funds appropriated in part 1 for local government programs may be used for audits of local revenue sharing board funds. Local units are not limited by this language in entering into agreements with federally recognized tribes for financial assistance or shared services. (4) Requires a local revenue sharing board to comply with an agreement under the Indian Gaming Regulatory Act (IGRA), Public Law 100-497, including the disbursement of tribal casino payments pursuant to a gaming compact. (5) The directors of State Police and Michigan Gaming Control Board (MGCB) may assist local revenue sharing boards in determining allocations to local public safety organization. (6) Requires the Michigan Gaming Control Board to report by September 30 on receipts and distribution of revenue.</p> <p>Background: This section was first included in FY 2000-01. It only applies to Indian gaming compacts with local revenue sharing boards. The language responded to local concerns over the way the 2% revenue from the casinos to local units was being allocated. The three board members are all local government officials and not from the tribe. The language is intended to clarify the spending authority of the boards. Modified in FY 2005-06 to include the state budget director on the list of report recipients. Revised in FY 2011-12 to add (4), which require compliance with an agreement under IGRA, including payments pursuant to a contract. Modified in FY 20014-15 to change reporting from the Department of Treasury to the Michigan Gaming Control Board.</p> |
| 974 | <p><u>State Services Fee Fund Shortfall.</u> In the case of a shortfall in the state services fee fund (revenue insufficient to support appropriations from the fund), available revenues are to fund casino gaming regulation before any distribution is made to other agencies. The amount of shortfall shall be distributed proportionally among other agencies.</p> |

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| | <p>Background: This section was first included in FY 2002-03. This section prioritizes the needs of the MGCB above those of other departments or agencies for distributions from the State Services Fee Fund. Any shortfall would be divided among the other departments and not incurred by the MGCB. It is unclear what impact this section would have on appropriations from the State Services Fee Fund in the Department of Agriculture budget, which is included in a separate appropriation bill. Appropriations from the State Service Fee Fund are authorized by the Michigan Gaming Control and Revenue Act, MCL 432.212a.</p> |
| 976 | <p>Horse Racing Rewards. Allows the Director of the Michigan Gaming Control Board to pay rewards of up to \$5,000 out of the Office of Racing Commission line item for information that results in a criminal conviction for a crime that involves the horse racing industry.</p> <p>Background: Transferred to the budget in FY 2010-11 from the Department of Agriculture due to Executive Order 45/54. Revised in FY 2011-12, to update references to the programs as it exists in Treasury after implementation of the executive order. In addition the reward amount was reduced from \$5,800 to \$5,000.</p> |
| 977 | <p>Horse Racing Proration. Requires all appropriations from the Equine Industry Development Fund except Racing Commission and Laboratory Analysis to be prorated proportionately in the case of a revenue shortfall.</p> <p>Background: New in FY 2010-11. In FY 2017-18, the Laboratory Analysis unit was removed from the proration exemption list in the event of revenue shortfalls.</p> |
| 978 | <p>Determination of Horse Racing Regulatory Costs. Requires the calculation of the regulatory costs of racing. Limits reimbursement to the MGCB to the actual regulatory cost. Provides for consultation between the MGCB and certified horsemen's organizations in the case of a revenue shortfall. Allows race dates to be reduced in the case of a shortfall.</p> <p>Background: This language was included in 2010 PA 66, and then added to the budget for FY 2010-11. In FY 2009-10, a contingency fund transfer was used to appropriate a contribution from a horseman's organization to cover regulatory costs needed to continue scheduled race dates.</p> |
| 979 | <p>Millionaire Party Oversight. Authorizes the amount appropriated in part 1 for the Millionaire Party line item be used towards the licensing and regulation of millionaire parties (part of charitable gaming activities) in accordance to statute. Caps spending to the amount appropriated in part 1 and that expenses shall not exceed appropriation and the fees and revenue brought in under the Traxler-McCauley-Law-Bowman Bingo Act and the Lawful Internet Gaming Act. Requires a report to the Legislature by March 1st on regulatory spending, enforcement actions, and steps to ensure that charities receive the revenue due to them.</p> <p>Background. This section was added in FY 2012-13. Regulation of millionaire parties was transferred from the Bureau of State Lottery to the Michigan Gaming Control board by EO 2012-4. In FY 2017-18, the cap was lowered from \$4.0 to \$3.0 million to reflect actual revenue and expenditures.</p> <p>Modified in FY 2019-20 to move the boilerplate appropriations to Part 1 appropriations.</p> <p>Modified in FY 2022-23 to include Lawful Internet Gaming Revenue to support administrative costs.</p> |

ONE-TIME APPROPRIATIONS

- 979a **Local Unit Municipal Pension Principal Payment Grants.** Establishes a grant program that would distribute awards to qualified local units for deposit into their retirement system(s). The award could not be used to meet its contribution requirements. Lists qualifying criteria and stipulations. Awards capped at \$170.0 million or what is required to achieve 60% funded ratio, whichever is less. Treasury must post materials and begin accepting applications April 15, 2023. Allows up to \$1.0 million to be used to cover administrative costs. Includes proration language in the event grant awards are greater than the amount appropriated.
- Background:** First included in FY 2022-23.

DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2022 PA 166

| Section Number | Description and History |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 979b | <p><u>Boilerplate Pension Grant.</u> Appropriates in addition to the funds appropriated in part 1 for Local unit municipal pension principal payment grant, there is appropriated an amount not to exceed \$50. Million GF/GP to make payments to qualified units as defined under Section 979a, to the extent necessary, as determined by the state Treasurer, to ensure that the qualified retirement systems of qualified units receiving funds under section 979a have a funded ratio of at least 60 percent. (2) Funds distributed under this section are subject to the provisions of Section 979a except for the cap in Section 979a (C).</p> <p>Background: First included in FY 2022-23.</p> |
| 979c | <p><u>State Police Retirement System Deposit.</u> Appropriates the funds appropriated in part 1 for state police retirement system must be used solely for a deposit into the state police retirement system. The deposit into the state police retirement system must be in addition to the actuarially determined contribution and must not be used to meet the actuarially determined contribution for the state police retirement system.</p> <p>Background: First included in FY 2022-23.</p> |

STATE BUILDING AUTHORITY (SBA)

- 1101 **State Building Authority – Advances.** Provides for advances from the General Fund prior to sale of bonds.
- Background:** Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.
- 1102 **State Building Authority - Excess Revenue.** Provides that facility revenue in excess of operation costs shall be credited to the retirement of bonds.
- Background:** Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.
- 1103 **State Building Authority - Report.** Requires SBA to provide the Joint Capital Outlay Committee and the fiscal agencies with an annual report on the status of construction projects as of September 30 each year. The report shall be submitted by October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold.
- Background:** Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.

REVENUE STATEMENT

- 1201 **Fund Balances and Estimated Revenues.** Provides an estimate of revenues and balances for all operating funds, pursuant to Article V, Section 18 of the Michigan Constitution.
- Background:** Longstanding boilerplate section in the Treasury budget to meet the constitutional revenue reporting requirement.